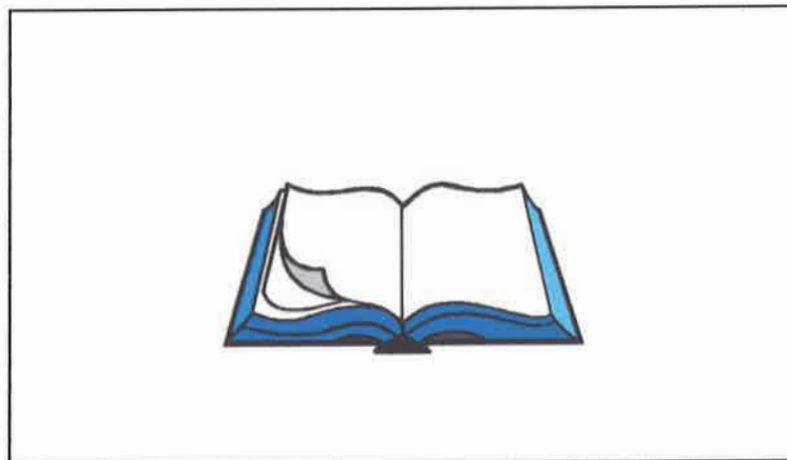


**SCHOOL DISTRICT
OF
CRANBURY**



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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Cranbury Township Board of Education

Cranbury, New Jersey

For the Fiscal Year Ended June 30, 2016

**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
A 2016 Blue Ribbon School

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

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

Nicholas Bice
Board Secretary/Business Administrator

September 15, 2016

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, 2016, 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 15-08 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 Public Schools District. High School students include regular, vocational, and special education students. The school district completed the 2015-2016 fiscal year with a total enrollment of 767 students. Over the last nine years, student enrollment at the Cranbury School has been decreasing slightly. Likewise, over the last four years, student enrollment at the high school level has been decreasing. During the 2015-2016 school year, student enrollment at the Cranbury School continued to decrease while enrollment at the high school level increase. A recent demographic study predicts enrollment to continue to decrease through 2020. High school enrollment is expected to increase in the 2016-2017 school year and decrease thereafter. 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>
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
2013-2014	556	-.002%	254	-.001%	810
2014-2015	518	-6.84%	246	-3.15%	764
2015-2016	494	-4.63%	273	10.96%	767

2. ECONOMIC CONDITION AND OUTLOOK:

During the 2015-2016 school year, the Cranbury Township School District received \$466,503 in State Aid, which is 2.64% of the total budget. Given the recent economic climate and the fiscal state of the State, future budgets will most likely continue to be funded by the local taxpayer. Cranbury Township Board of Education continues to prioritize initiatives to optimize operating expenditures. The District has completed numerous ROD Grant projects in recent years that provided approximately 40% subsidy. We remain steadfast in our commitment to proactively plan for capital projects and are in the process of beginning a new Long Range Facilities Plan (LRFP) that will guide our decision-making moving forward. Furthermore, 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 uses a comprehensive, standards-based core curriculum consisting of English Language Arts, world language, mathematics, science and social studies. These subjects are taught in a thoughtful progression from kindergarten through eighth grade. In addition to the core curriculum, students are also instructed in art, vocal music, instrumental music (grades 4-8), computer literacy, physical education, health/family life, study skills, and media science. Supplemental supports and services are available before, during, and after school hours.

There are a number of key strategies used within the school that encourage and challenge all students to develop their full potential. Instruction is child-centered and based on current research. Multi-sensory learning strategies and materials, progress monitoring through a Response to Intervention (RTI) framework and a flexible continuum of enrichment and acceleration opportunities are designed to actively challenge and engage students within the learning continuum while also building their competence and confidence. We will continue to expand key educational strategies and overarching frameworks during the 2016-2017 school year. The Connected Action Roadmap (CAR) model guides the work of teacher teams - collaborative planning; conversations about student learning; classroom-based assessment development; and the monitoring of student learning results. All curricula are maintained in a searchable database that allows for on-going analysis and revision and enables the public to view our program of studies. We continue to expand the breadth and depth of the use of this important technology. During the 2015-2016 school year, the District completed phase one of Strategic Planning that included the development of a new mission statement and core values and beliefs. Phase two will take place during the 2016-2017 school year to design action plans and allocate funds for initiatives moving forward.

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, 2015.

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 15-08 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:

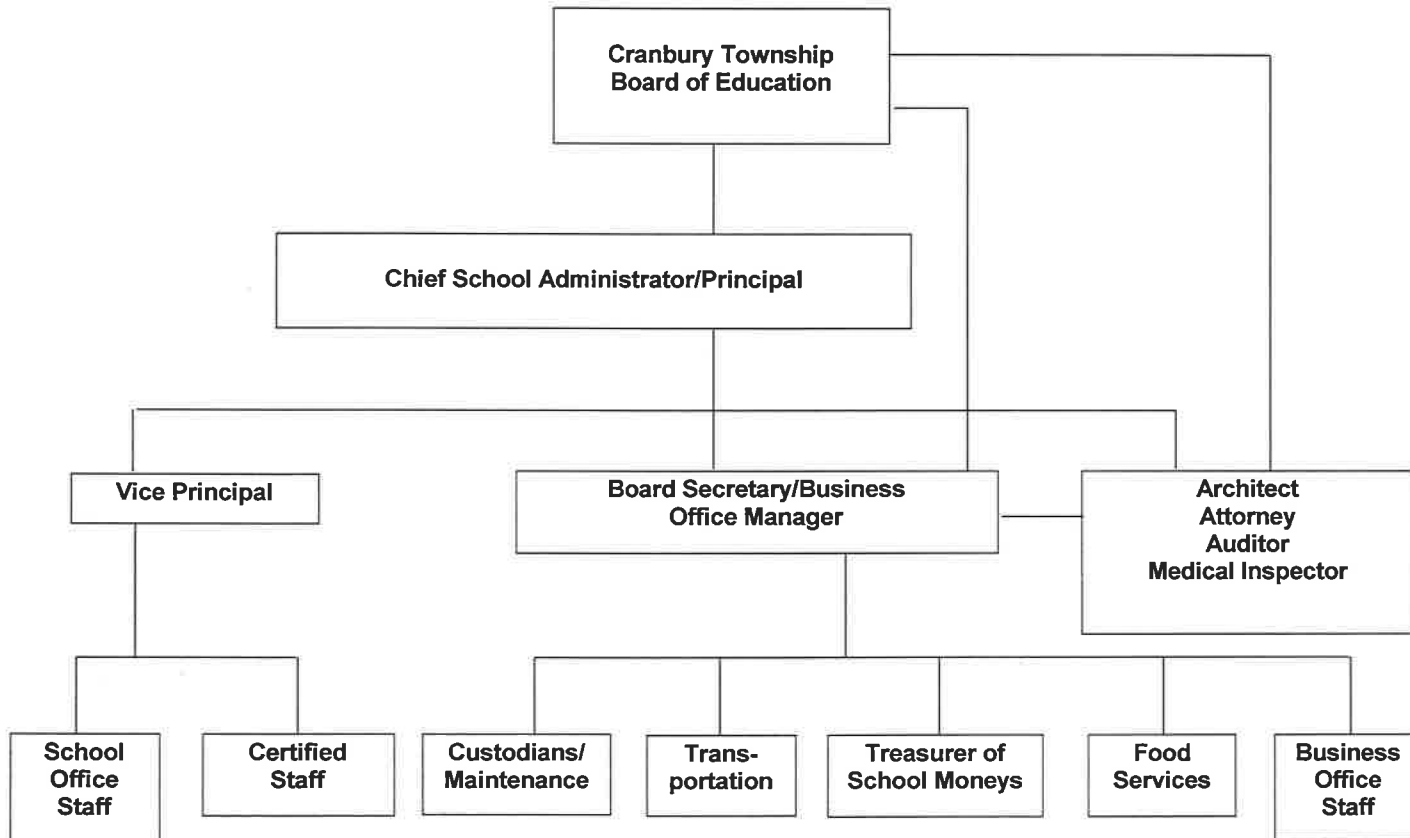


Nicholas Bice
Board Secretary/Business Administrator



Susan L. 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, 2016

Members of the Board of Education:

Term Expires

Jennifer Cooke, President	2017
Karen Callahan, Vice President	2018
Pramod Chivate	2016
Ash Hadap	2017
Dominique Jones	2018
Linda Penney	2016
Lindsay McDowell	2016
Evelyn Spann	2017
Laurel Quinn	2018

Other Officials:

Susan L. Genco, Ed. D. Chief School Administrator/Principal
Nicholas Bice, 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
651 Route 73 North, Suite 402
Marlton, NJ 08053

Attorney

Sciarrillo Cornell Merlino, McKeever & Osbourne, LLC
238 St. Paul Street
Westfield, NJ 07091

Architect

EI Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

Broker of Record

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

Official Depository

First Choice Bank
669 Whitehead Road
Lawrenceville, NJ 08648

Financial Section

INVERSO & STEWART, LLC

Certified Public Accountants

651 Route 73 North, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
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E-Mail: iscpas@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 Township, 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, 2016, 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, 2016, 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, budgetary comparison information, and pension 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 Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Treasury Circular OMB 15-08, as applicable, 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 September 15, 2016 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
September 15, 2016

INVERSO & STEWART, LLC
Certified Public Accountants

651 Route 73 North, Suite 402
 Marlton, New Jersey 08053
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 E-Mail: 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, 2016, 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 September 15, 2016.

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.

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
September 15, 2016

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, 2016**

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, 2016. 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 \$10,341,616 (*net position*).
- Governmental activities have a deficit unrestricted net position of \$2,462,954. The accounting treatments in the governmental funds for compensated absences payable, pension liability, 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 \$2,526,995, or a 32.34% 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 \$569,120 resulting in an ending fund balance of \$4,453,524. This increase was mainly the result of operations in the General Fund.
- Business-type activities have unrestricted net position of \$1,207, 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 \$750,537 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 and 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 2016. 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 2016.

The assets of the primary government activities exceeded liabilities by \$10,335,658 with a deficit unrestricted net position balance of \$2,462,954. As mentioned earlier, the minimal unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability 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 \$8,664,482, in land, improvements, buildings and equipment which provide the services to the School District's public school students, represents 83.91% of the School District's net position. Net position of \$4,134,130 has been restricted as follows:

Restricted for Future Capital Projects	\$ 2,991,225
Restricted for Future Tuition Costs	600,000
Restricted for Future Maintenance Costs	511,187
Restricted for Encumbrances	19,390
Restricted for Subsequent Year's Budget	<u>12,328</u>
	<u>\$ 4,134,130</u>

**Comparative Summary of Net Position
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current assets	\$ 4,456,027	\$ 4,875,565	\$ 8,017	\$ 24,411	\$ 4,464,044	\$ 4,899,976
Capital assets	<u>11,509,482</u>	<u>10,296,807</u>	<u>4,751</u>	<u>6,476</u>	<u>11,514,233</u>	<u>10,303,283</u>
Total assets	<u>15,965,509</u>	<u>15,172,372</u>	<u>12,768</u>	<u>30,887</u>	<u>15,978,277</u>	<u>15,203,259</u>
Deferred Outflows of Resources	<u>473,299</u>	<u>177,362</u>			<u>473,299</u>	<u>177,362</u>
LIABILITIES						
Current liabilities	422,369	1,830,207	6,810	13,226	429,179	1,843,433
Noncurrent liabilities	<u>5,391,448</u>	<u>5,356,255</u>			<u>5,391,448</u>	<u>5,356,255</u>
Total Liabilities	<u>5,813,817</u>	<u>7,186,462</u>	<u>6,810</u>	<u>13,226</u>	<u>5,820,627</u>	<u>7,199,688</u>
Deferred Inflows of Resources	<u>289,333</u>	<u>366,312</u>			<u>289,333</u>	<u>366,312</u>
Net Position	<u>\$ 10,335,658</u>	<u>\$ 7,796,960</u>	<u>\$ 5,958</u>	<u>\$ 17,661</u>	<u>\$ 10,341,616</u>	<u>\$ 7,814,621</u>
Net Position Consists of:						
Net investment in Capital Assets	8,664,482	6,706,807	4,751	6,476	8,669,233	6,713,283
Restricted Assets	4,134,130	3,562,737			4,134,130	3,562,737
Unrestricted Assets	<u>(2,462,954)</u>	<u>(2,472,584)</u>	<u>1,207</u>	<u>11,185</u>	<u>(2,461,747)</u>	<u>(2,461,399)</u>
Net Position	<u>\$ 10,335,658</u>	<u>\$ 7,796,960</u>	<u>\$ 5,958</u>	<u>\$ 17,661</u>	<u>\$ 10,341,616</u>	<u>\$ 7,814,621</u>

Cranbury School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Revenues:						
Charges for services	\$ 4,000	\$ 4,000	\$ 123,412	\$ 124,002	\$ 127,412	\$ 128,002
Operating Grants and contributions	1,270,471	1,133,028	25,452	22,666	1,295,923	1,155,694
Capital Grants and contributions	627,548	441,446			627,548	
Property taxes	16,376,507	16,000,748			16,376,507	16,000,748
State aid - unrestricted	504,346	509,385			504,346	509,385
Other revenues	865,949	109,356	127	1,804	866,076	111,160
Total Revenues	19,648,821	18,197,963	148,991	148,472	19,797,812	17,904,989
Expenses:						
Governmental Activities:						
Instruction	5,104,912	5,231,837			5,104,912	5,231,837
Tuition	5,098,442	4,998,471			5,098,442	4,998,471
Related Services	1,219,322	1,117,388			1,219,322	1,117,388
Administrative Services	808,530	802,947			808,530	802,947
Operations and Maintenance	1,174,218	1,735,858			1,174,218	1,735,858
Transportation	555,751	733,998			555,751	733,998
Employee benefits	2,920,647	2,787,835			2,920,647	2,787,835
Interest on debt	123,800	167,925			123,800	167,925
Other	104,501	89,181			104,501	89,181
Business-Type Activities:						
Food Service			160,694	158,090	160,694	158,090
Total Expenses	17,110,123	17,665,440	160,694	158,090	17,270,817	17,823,530
Increase (Decrease) in Net Position before transfers	2,538,698	532,523	(11,703)	(9,618)	2,526,995	522,905
Adjustment to fixed assets					-	-
Transfers						
Change in Net Position	2,538,698	532,523	(11,703)	(9,618)	2,526,995	522,905
Net Position, July 1	7,796,960	7,264,437	17,661	27,279	7,814,621	7,291,716
Net Position, June 30	\$ 10,335,658	\$ 7,796,960	\$ 5,958	\$ 17,661	\$ 10,341,616	\$ 7,814,621

Governmental Activities

Governmental activities increased the net position of the School District by \$2,538,698 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 \$368,812.
- A net increase in fixed assets in the amount of \$1,212,675.

Business-type Activities

Business-type activities decreased the School District's net position by \$11,703. 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 \$4,453,524, an increase of \$569,120 in comparison with the prior year. This decrease 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 \$319,394 and the Capital Projects unassigned fund balance of \$89,734. 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 \$2,747,291, 2) reserved for encumbrances \$173,590, reserved for future maintenance costs \$511,187 or reserved for future tuition payments \$600,000 or reserved for subsequent year's budget \$12,328.

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 \$364,115, while total fund balance (budgetary basis) was \$4,254,311. 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 \$17,392,654. Unassigned fund balance (budgetary basis) represents 2.09% of expenditures while total fund balance (budgetary basis) represents 24.46% 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, 2016, totaled \$11,514,233 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$1,210,950, or 11.75%. The increase is due to the purchase of assets and building improvements as well as current year depreciation expense.

Capital Asset (net of accumulated depreciation) June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Land	\$ 451,596	\$ 451,596	\$ -	\$ -	\$ 451,596	\$ 451,596
Const. in Progress					-	-
Site Improvements	391,537	427,506			391,537	427,506
Building and Building Improvements	10,540,342	9,265,242			10,540,342	9,265,242
Equipment	<u>126,007</u>	<u>152,463</u>	<u>4,751</u>	<u>6,476</u>	<u>130,758</u>	<u>158,939</u>
Net Assets	<u>\$ 11,509,482</u>	<u>\$ 10,296,807</u>	<u>\$ 4,751</u>	<u>\$ 6,476</u>	<u>\$ 11,514,233</u>	<u>\$ 10,303,283</u>

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, 2016, the School District had total bonded debt outstanding of \$2,845,000 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 \$177,790 in compensated absences payable as of June 30, 2016.

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 2016-17 fiscal year:

- The 2016-17 budget 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 2016-17 fiscal year, Cranbury Township Board of Education received \$476,041 in State Aid, which represents only 2.8% of the total budget. The tax levy of the district has increased from the prior year by \$251,643 resulting in no tax rate increase.
- 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, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 696,363	\$ 4,062	\$ 700,425
Receivables, net	1,012,373	1,543	1,013,916
Inventory		2,412	2,412
Restricted Assets:			
Cash and Cash Equivalents	2,747,291		2,747,291
Capital Assets, net (Note 5)	<u>11,509,482</u>	<u>4,751</u>	<u>11,514,233</u>
Total Assets	<u>15,965,509</u>	<u>12,768</u>	<u>15,978,277</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>473,299</u>		<u>473,299</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>16,438,808</u>	<u>12,768</u>	<u>16,451,576</u>
LIABILITIES:			
Accounts Payable		3,272	3,272
Internal Balances	2,340	(2,340)	
Intergovernmental Payables	163		163
Accrued Interest Payable	56,900		56,900
Unearned Revenue		5,878	5,878
Noncurrent Liabilities:			
Due within one year	362,966		362,966
Due beyond one year	<u>5,391,448</u>		<u>5,391,448</u>
Total Liabilities	<u>5,813,817</u>	<u>6,810</u>	<u>5,820,627</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>289,333</u>		<u>289,333</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>6,103,150</u>	<u>6,810</u>	<u>6,109,960</u>
NET POSITION:			
Net investment in Capital Assets	8,664,482	4,751	8,669,233
Restricted for:			
Capital projects	2,991,225		2,991,225
Other purposes	1,142,905		1,142,905
Unrestricted	<u>(2,462,954)</u>	<u>1,207</u>	<u>(2,461,747)</u>
Total Net Position	<u>\$ 10,335,658</u>	<u>\$ 5,958</u>	<u>\$ 10,341,616</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, 2016

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
Governmental Activities:							
Instruction:							
Regular	\$ 3,864,869	\$ 4,000	\$ 40,384	\$ -	\$ (3,820,485)	\$ -	\$ (3,820,485)
Special Education	962,243		129,478		(832,765)		(832,765)
Other instruction	277,800				(277,800)		(277,800)
Support Services:							
Tuition	5,098,442				(5,098,442)		(5,098,442)
Student & instruction related services	1,219,322		17,477		(1,201,845)		(1,201,845)
General administrative services	329,524				(329,524)		(329,524)
School administrative services	216,814				(216,814)		(216,814)
Central administrative services	262,192				(262,192)		(262,192)
Plant operations and maintenance	1,174,218			627,548	(546,670)		(546,670)
Pupil transportation	555,751				(555,751)		(555,751)
Employee benefits	2,920,647		1,083,132		(1,837,515)		(1,837,515)
Interest on long-term debt	123,800				(123,800)		(123,800)
Unallocated depreciation and amortization	104,501				(104,501)		(104,501)
Total Governmental Activities	<u>17,110,123</u>	<u>4,000</u>	<u>1,270,471</u>	<u>627,548</u>	<u>(15,208,104)</u>	<u>-</u>	<u>(15,208,104)</u>
Business-Type Activities:							
Food service	160,694	123,412	25,452			(11,830)	(11,830)
Total Business-Type Activities	<u>160,694</u>	<u>123,412</u>	<u>25,452</u>	<u>-</u>	<u>-</u>	<u>(11,830)</u>	<u>(11,830)</u>
Total Primary Government	<u>\$ 17,270,817</u>	<u>\$ 127,412</u>	<u>\$ 1,295,923</u>	<u>\$ 627,548</u>	<u>(15,208,104)</u>	<u>(11,830)</u>	<u>(15,219,934)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					15,492,532		15,492,532
Taxes levied for debt service					883,975		883,975
Federal and State aid not restricted					504,346		504,346
Investment Earnings					1,662	127	1,789
Miscellaneous Income					864,287		864,287
Total general revenues, special items, extraordinary items and transfers					<u>17,746,802</u>	<u>127</u>	<u>17,746,929</u>
Change in Net Position					<u>2,538,698</u>	<u>(11,703)</u>	<u>2,526,995</u>
Net Position - July 1, 2015					<u>7,796,960</u>	<u>17,661</u>	<u>7,814,621</u>
Net Position - June 30, 2016					<u>\$ 10,335,658</u>	<u>\$ 5,958</u>	<u>\$ 10,341,616</u>

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, 2016

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 696,363	\$ -	\$ -	\$ -	\$ 696,363
Interfund receivable	1,378,820		662,786		2,041,606
Receivables, net					
State	54,433		929,033		983,466
Federal		30,934			30,934
Other		163			163
Restricted assets:					
Cash and cash equivalents	2,747,291				2,747,291
Total Assets	\$ 4,876,907	\$ 31,097	\$ 1,591,819	\$ -	\$ 6,499,823
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					-
Intergovernmental payable:					
State		163			163
Interfund	667,317	30,934	1,347,885		2,046,136
Unearned revenues					
Total Liabilities	667,317	31,097	1,347,885		2,046,299
Fund Balances:					
Restricted for:					
Capital reserve	2,747,291				2,747,291
Tuition reserve	600,000				600,000
Maintenance reserve	511,187				511,187
Assigned to:					
Year-end encumbrances	19,390		154,200		173,590
Subsequent year's budget	12,328				12,328
Unassigned	319,394		89,734		409,128
Total Fund Balances	4,209,590		243,934		4,453,524
Total Liabilities and Fund Balances	\$ 4,876,907	\$ 31,097	\$ 1,591,819	\$ -	

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 \$19,883,766 and the accumulated depreciation is \$8,374,284. 11,509,482

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of resources from Pensions	\$ 473,299	
Net Pension Liability	(2,731,624)	
Deferred Inflows of resources from Pensions	(289,333)	(2,547,658)

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	\$ (2,845,000)	
Compensated Absences Payable	(177,790)	
Accrued Interest Payable	(56,900)	(3,079,690)

Net position of governmental activities \$ 10,335,658

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 15,492,532	\$ -	\$ -	\$ 883,975	\$ 16,376,507
Interest earned on capital reserve	1,662				1,662
Tuition	4,000				4,000
Miscellaneous	864,287				864,287
Total local sources	16,362,481			883,975	17,246,456
State sources	1,587,478	3,006	627,548		2,218,032
Federal sources		184,333			184,333
Total Revenues	17,949,959	187,339	627,548	883,975	19,648,821
EXPENDITURES:					
Current expense:					
Regular instruction	3,458,733	40,384			3,499,117
Special education instruction	832,765	129,478			962,243
Other instruction	277,800				277,800
Support services and undistributed costs:					
Tuition	5,098,442				5,098,442
Student & instruction related services	1,201,845	17,477			1,219,322
General administrative services	303,399				303,399
School administrative services	216,814				216,814
Central administrative services	236,067				236,067
Plant operations and maintenance	1,095,818				1,095,818
Pupil transportation	549,058				549,058
Employee benefits	2,917,375				2,917,375
Capital outlay	19,308		1,800,963		1,820,271
Debt service:					
Principal				745,000	745,000
Interest and other charges				138,975	138,975
Total Expenditures	16,207,424	187,339	1,800,963	883,975	19,079,701
Excess (Deficiency) of Revenues over (under) Expenditures	1,742,535		(1,173,415)		569,120
Other Financing Sources (Uses):					
Transfers in	212,468		1,185,230		1,397,698
Transfers out	(1,185,230)		(212,468)		(1,397,698)
Total Other Financing Sources (Uses)	(972,762)		972,762		
Net Change in Fund Balances	769,773		(200,653)		569,120
Fund Balances - July 1, 2015	3,439,817		444,587		3,884,404
Fund Balances - June 30, 2016	\$ 4,209,590	\$ -	\$ 243,934	\$ -	\$ 4,453,524

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, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 569,120
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
Depreciation expense	\$ (529,196)	
Capital outlay disposals	(779)	
Capital outlay additions	<u>1,742,650</u>	1,212,675
<p>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.</p>		
		745,000
<p>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.</p>		
		15,175
<p>Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.</p>		
		(8,809)
<p>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 (+)</p>		
		<u>5,537</u>
Change in net position of Governmental Activities		<u>\$ 2,538,698</u>

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, 2016

	<u>Business-Type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 4,062
Intergovernmental receivables:	
State	81
Federal	1,462
Interfund	2,340
Inventories	<u>2,412</u>
Total current assets	<u>10,357</u>
Noncurrent assets:	
Machinery and equipment (net of accumulated depreciation)	<u>4,751</u>
Total noncurrent assets	<u>4,751</u>
Total Assets	<u>15,108</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	3,272
Unearned revenue	<u>5,878</u>
Total current liabilities	<u>9,150</u>
NET POSITION:	
Net investment in capital assets	4,751
Unrestricted	<u>1,207</u>
Total Net Position	<u>\$ 5,958</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, 2016

	<u>Business-Type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
Operating Revenues:	
Charges for Services:	
Daily sales:	
Reimbursable programs	\$ 63,355
Non-reimbursable programs	57,753
Special functions	<u>2,304</u>
Total Operating Revenue	<u>123,412</u>
Operating Expenses:	
Salaries and fringe benefits	83,952
Management fee	
Supplies and materials	9,047
Liability insurance	1,815
Other costs	14,122
Depreciation	1,725
Cost of sales	<u>50,033</u>
Total Operating Expenses	<u>160,694</u>
Operating Income (Loss)	<u>(37,282)</u>
Non-Operating Revenues:	
State sources:	
State school lunch program	1,019
Federal sources:	
Food distribution program	6,144
National school lunch program	18,289
Local sources:	
Miscellaneous	
Interest earned	<u>127</u>
Total Non-Operating Revenues	<u>25,579</u>
Changes in Net Position	(11,703)
Net Position - July 1, 2015	<u>17,661</u>
Net Position - June 30, 2016	<u>\$ 5,958</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, 2016

	<u>Business-Type Activities Enterprise Funds</u>
	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 127,895
Cash payments to employees for services	(76,696)
Cash payments to suppliers for goods and services	<u>(80,612)</u>
Net Cash Provided by (used for) Operating Activities	<u>(29,413)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	1,139
Cash received from federal sources	19,608
Miscellaneous	<u> </u>
Net Cash Provided by (used for) Noncapital Financing Activities	<u>20,747</u>
Cash Flow Provided by Investing Activities:	
Interest on Cash Equivalents	<u>127</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,539)
Cash and Cash Equivalents - July 1, 2015	<u>12,601</u>
Cash and Cash Equivalents - June 30, 2016	<u>\$ 4,062</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Operating Income (Loss)	\$ (37,282)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (used for) Operating Activities:	
Depreciation	1,725
Federal Commodities	6,144
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	5,420
(Increase) Decrease in Inventories	996
(Increase) Decrease in Interfund Receivable	(2,340)
Increase (Decrease) in Unearned Revenue	(935)
Increase (Decrease) in Accounts Payables	<u>(3,141)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (29,413)</u>
Noncash Noncapital Financing Activities:	
During the year the District received \$6,144 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, 2016

	<u>Trust Funds</u>		<u>Agency Funds</u>
	<u>Unemployment Compensation Insurance</u>	<u>Private Purpose Scholarship Fund</u>	
ASSETS:			
Cash and cash equivalents	\$ 39,359	\$ 4,906	\$ 14,694
Interfund			2,190
	<u>39,359</u>	<u>4,906</u>	<u>16,884</u>
Total Assets	<u>39,359</u>	<u>4,906</u>	<u>16,884</u>
 LIABILITIES:			
Accounts payable			
Payroll deductions and withholdings			
Due to student groups			16,884
			<u>16,884</u>
Total Liabilities			<u>\$ 16,884</u>
 NET POSITION:			
Held in trust for unemployment claims and other purposes	<u>\$ 39,359</u>		
Reserved for scholarships		<u>\$ 4,906</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, 2016

	<u>Unemployment Compensation Insurance</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS:		
Contributions:		
Employee	\$ 13,318	\$ -
Total Contributions	<u>13,318</u>	
Investment earnings:		
Interest	<u>330</u>	<u>50</u>
Total Additions	<u>13,648</u>	<u>50</u>
DEDUCTIONS:		
Unemployment claims	19,963	
Scholarships awarded		<u>250</u>
Total Deductions	<u>19,963</u>	<u>250</u>
Change in Net Position	(6,315)	(200)
Net Position - July 1, 2015	<u>45,674</u>	<u>5,106</u>
Net Position - June 30, 2016	<u>\$ 39,359</u>	<u>\$ 4,906</u>

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, 2016**

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, 2016 of 492 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, 2016**

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.

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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued) - 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.

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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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.

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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue 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, 2016 and 2015 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.

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, 2016.

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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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.

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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016.

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.

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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Recently Issued Accounting Pronouncements In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This Statement is effective for financial statements for periods beginning after June 15, 2016 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) - In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

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 \$3,736,497, as of June 30, 2016, \$250,000 was insured under FDIC and the remaining balance of \$3,486,497 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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Balance July 1, 2015		\$	2,055,891
Increased by:			
Interest Earned	\$ 1,662		
Unspent Appropriations	212,468		
Board Resolution	<u>1,662,500</u>		
			<u>1,876,630</u>
			3,932,521
Decreased by:			
Transfer to Capital Projects	1,185,230		
Budget Withdrawal	<u> </u>		<u>1,185,230</u>
Balance June 30, 2016		<u>\$</u>	<u>2,747,291</u>

The June 30, 2016 capital reserve balance does not exceed the LRFPP balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2016 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, 2016 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	\$ 54,433	\$ -	\$ 929,033	\$ 81	\$ 983,547
Federal		30,934		1,462	32,396
Other		<u>163</u>			<u>163</u>
Total	<u>\$ 54,433</u>	<u>\$ 31,097</u>	<u>\$ 929,033</u>	<u>\$ 1,543</u>	<u>\$ 1,016,106</u>

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance June 30, 2016</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 451,596	\$ -	\$ -	\$ 451,596
Construction in progress				
Total capital assets not being depreciated	451,596			451,596
<i>Capital Assets, being depreciated:</i>				
Land Improvements	775,578			775,578
Building and Improvements	15,441,966	1,742,650		17,184,616
Equipment	1,496,198		24,222	1,471,976
Total capital assets being depreciated	17,713,742	1,742,650	24,222	19,432,170
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(348,072)	(35,969)		(384,041)
Building and Improvements	(6,176,724)	(467,550)		(6,644,274)
Equipment	(1,343,735)	(25,677)	(23,443)	(1,345,969)
Total accumulated depreciation	(7,868,531)	(529,196)	(23,443)	(8,374,284)
Total capital assets being depreciated, net	9,845,211	1,213,454	779	11,057,886
Governmental Activities Capital Assets, Net	\$ 10,296,807	\$ 1,213,454	\$ 779	\$ 11,509,482
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 80,522	\$ -	\$ -	\$ 80,522
Less accumulated depreciation	(74,046)	(1,725)		(75,771)
Total Capital Assets, being depreciated, net	6,476	(1,725)		4,751
Business-Type Activities Capital Assets, Net	\$ 6,476	\$ (1,725)	\$ -	\$ 4,751

Depreciation expense in the amount of \$529,196 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 365,752
Transportation	6,693
Administration	26,125
Business Services	26,125
Unallocated	104,501
Total depreciation expense	\$ 529,196

6. INVENTORY

Inventory in the food service fund at June 30, 2016 consisted of the following:

Food	\$ 1,513
Supplies	899
	\$ 2,412

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

Governmental Activities:	<u>Outstanding June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 183,327	\$ 16,848	\$ 22,385	\$ 177,790	\$ 7,966
General Obligation Bonds	3,590,000		745,000	2,845,000	355,000
Net Pension Liability	2,349,899	381,725		2,731,624	
	<u>\$ 6,123,226</u>	<u>\$ 398,573</u>	<u>\$ 767,385</u>	<u>\$ 5,754,414</u>	<u>\$ 362,966</u>

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:

2010 Refunding Bonds dated July 15, 2010 in the amount of \$2,845,000 due in annual installments through July 15, 2022, bearing interest rate of 3.00% to 4.00%.

As of June 30, 2016, principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 355,000	\$ 106,700	\$ 461,700
2018	375,000	92,100	467,100
2019	395,000	76,700	471,700
2020	405,000	60,700	465,700
2021	420,000	44,200	464,200
2022-2023	895,000	36,100	931,100
	<u>\$ 2,845,000</u>	<u>\$ 416,500</u>	<u>\$ 3,261,500</u>

As of June 30, 2016 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, 2016, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$47,693 for the fiscal year ended June 30, 2016.

The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	<u>Amount</u>
2017	\$ 49,441
2018	15,721
2019	8,830
2020	8,830
2021	8,830
2022	736
	<u>\$ 92,388</u>

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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.

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 Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member 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 exist.

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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$1,771,888 and revenue of \$1,771,888 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/15	06/30/14
Collective deferred outflows of resources	\$ 7,521,378,257	\$ 2,306,623,861
Collective deferred inflows of resources	554,399,005	1,763,205,593
Collective net pension liability (Non-Employer – State of New Jersey)	63,577,864,440	53,446,745,367
State's portion of the net pension liability that was associated with the district	29,019,271	25,394,928
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	.0459134656%	.0475144512%

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

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

Actuarial assumptions – The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation: 2.5%
Salary Increases: Varies based on experience
Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	0.53%
Government Bonds	01.75%	1.39%
Credit Bonds	13.50%	2.72%
Mortgages	02.10%	2.54%
Inflation-Indexed Bonds	01.50%	1.47%
High Yield Bonds	02.00%	4.57%
Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	06.40%	8.46%
Private Real Estate Property	04.25%	3.97%
Timber	01.00%	4.09%
Farmland	01.00%	4.61%
Private Equity	09.25%	9.15%
Commodities	01.00%	3.58%
Hedge Funds – MultiStrategy	04.00%	4.59%
Hedge Funds – Equity Hedge	04.00%	5.68%
Hedge Funds - Distressed	04.00%	4.30%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability, because of the special funding situation, the district would not be sensitive to any changes in the discount rate.

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

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 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. 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 exist.

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>Adjustment</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2016	\$ 17,711	\$ -	\$ 81,590	\$ 5,317	\$ 104,618
2015	17,225	-	79,681	6,563	103,469
2014	31,088	(11,933)	84,217	1,758	105,130

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$124,732.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued) At June 30, 2016, the District reported a liability of \$2,731,624 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,167	\$ -
Changes of assumptions	293,355	
Net Difference between projected and actual earnings on pension plan investments		43,919
Changes in proportion		245,414
District contributions subsequent to the measurement date	114,777	
Total	\$ 473,299	\$ 289,333

\$114,777 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2016	\$ (18,464)
2017	(18,464)
2018	(18,464)
2019	73,114
2020	51,467
Total	\$ 69,189

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	6/30/2015	6/30/2014
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	\$ 993,410,455	\$ 1,479,224,662
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	.0121686786%	.0125510444%

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued) *Actuarial assumptions* – The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 3.04%
 Salary Increases:
 2012-2021: 2.15-4.40% based on age
 Thereafter: 3.15-5.40% based on age
 Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	01.04%
U.S. Treasuries	01.75%	01.64%
Investment Grade Credit	10.00%	01.79%
Mortgages	02.10%	01.62%
High Yield Bonds	02.00%	04.03%
Inflation Indexed Bonds	01.50%	03.25%
Broad US Equities	27.25%	08.52%
Developed Foreign Equities	12.00%	06.88%
Emerging Market Equities	06.40%	10.00%
Private Equity	09.25%	12.41%
Hedge Funds/Absolute Ret	12.00%	04.72%
Real Estate (Property)	02.00%	06.83%
Commodities	01.00%	05.32%
Global Debt ex US	03.50%	-0.40%
REIT	04.25%	5.12%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued) *Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 3,395,074	\$ 2,731,624	\$ 2,175,392

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

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.

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. In addition to the employee contributions, the School District's contribution amounts 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, equal to the required contribution for each fiscal year, were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2016	\$ 3,428	\$ 3,428
2015	2,771	2,771
2014	2,739	2,739

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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

10. POST-RETIREMENT BENEFITS (Continued)

As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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, 2016 was \$412,483, 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.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures \$346,413 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$324,236 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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

12. RISK MANAGEMENT (Continued)

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>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 330	\$ 13,318	\$ 19,963	\$ 39,359
2015	488	10,217	23,000	45,674
2014	443	9,889	3,371	57,969

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.

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, 2016, the liability for compensated absences in the governmental activities was \$177,790.

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, 2017. The following interfund balances were recorded on the various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 1,378,820	\$ 667,317
Special		30,934
Capital Projects	662,786	1,347,885
Proprietary	2,340	
Fiduciary	2,190	
Total	<u>\$ 2,046,136</u>	<u>\$ 2,046,136</u>

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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, 2016, 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. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2016, a deficit of \$2,462,954 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances, June 30, 2016:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ 319,394
Liabilities:	
Net Pension Differences	(2,547,658)
Accrued Interest Payable	(56,900)
Compensated Absences	<u>(177,790)</u>
Unrestricted Net Position (Deficit)	<u><u>\$ (2,462,954)</u></u>

18. 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:

General Fund:

Capital Reserve – As of June 30, 2016, the balance in the capital reserve account is \$2,747,291. Of this amount \$300,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017 and \$2,447,791 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, 2016 in the amount of \$600,000 for tuition adjustments. Of this amount \$300,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017. 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, 2016, the balance in the maintenance reserve account is \$511,187. Of this amount \$50,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017. 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).

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

18. FUND BALANCES (Continued)

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, 2016 the School District has \$19,390 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, 2017, \$12,328 of general fund balance.

Capital Projects Fund:

Other Purposes – At June 30, 2016 the School District has \$154,200 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

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, 2016, \$319,394 of general fund balance was unassigned.

Capital Projects Fund – As of June 30, 2016, \$89,734 of capital projects fund balance was unassigned.

19. LITIGATION

The District is involved in a legal proceeding. The outcome or potential liability exposure from this litigation is unknown at this time.

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 15,492,532	\$ -	\$ 15,492,532	\$ 15,492,532	\$ -
Interest earned on capital reserve				1,662	1,662
Rents and Royalties	75,013		75,013	49,680	(25,333)
Tuition				4,000	4,000
Unrestricted Misc. Revenues	24,143		24,143	814,607	790,464
Total local sources	15,591,688		15,591,688	16,362,481	770,793
State sources:					
Special Education aid	380,947		380,947	380,947	
Security Aid	12,113		12,113	12,113	
Transportation Aid	58,143		58,143	58,143	
PARCC Readiness Aid	7,650		7,650	7,650	
Per Pupil Growth Aid	7,650		7,650	7,650	
Extraordinary aid				32,132	32,132
Nonpublic transportation aid				6,612	6,612
On-behalf TPAF pension contrib.. (non-budgeted)				346,413	346,413
On-behalf TPAF post retirement med.. (non-budgeted)				412,483	412,483
Reimbursed TPAF social security contribution (non-budgeted)				324,236	324,236
Total state sources	466,503		466,503	1,588,379	1,121,876
TOTAL REVENUES	16,058,191	-	16,058,191	17,950,860	1,892,669
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool/Kindergarten	255,702	(5,296)	250,406	190,157	60,249
Grades 1-5	1,568,962		1,568,962	1,498,350	70,612
Grades 6-8	1,310,436	1,299	1,311,735	1,243,640	68,095
Regular Programs - Home Instruction:					
Salaries of teachers	6,000	(4,298)	1,702	1,234	468
Purchased professional educational services		4,298	4,298	2,792	1,506
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	144,455	(15,128)	129,327	120,713	8,614
Purchased technical services	173,225	465	173,690	154,499	19,191
General supplies	254,644	474	255,118	237,829	17,289
Textbooks	38,550		38,550	9,519	29,031
Total - Regular Programs - Instruction	3,751,974	(18,186)	3,733,788	3,458,733	275,055
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	124,450	(64,000)	60,450	60,100	350
Other salaries for instruction	124,599	(124,216)	383		383
General supplies	2,300		2,300	1,318	982
Textbooks	500		500	396	104
Total learning and/or language disab.	251,849	(188,216)	63,633	61,814	1,819

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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	\$ 504,808	\$ 64,672	\$ 569,480	\$ 567,707	\$ 1,773
Other salaries for instruction		162,624	162,624	162,623	1
General supplies	7,100	(110)	6,990	6,680	310
Total resource room/resource center	511,908	227,186	739,094	737,010	2,084
Preschool Disabilities - Part-Time:					
Salaries of teachers	55,483	(21,069)	34,414	17,141	17,273
Other salaries for instruction	19,483	1	19,484	13,996	5,488
General supplies	2,800	4	2,804	2,804	
Total preschool disabilities - part-time	77,766	(21,064)	56,702	33,941	22,761
Total Special Education - Instruction	841,523	17,906	859,429	832,765	26,664
Basic Skills/Remedial - Instruction					
Salaries of teachers	128,483		128,483	128,100	383
General supplies	1,800	4,633	6,433	1,296	5,137
Total basic skills/remedial - instruction	130,283	4,633	134,916	129,396	5,520
School-Sponsored Cocurricular Act - Instruction:					
Salaries	60,216		60,216	42,764	17,452
Other objects	5,300		5,300	2,780	2,520
Transfers to cover deficit	3,230		3,230	833	2,397
Total school-sponsored cocurr. act. - instruct.	68,746		68,746	46,377	22,369
School-Sponsored Athletics - Instruction:					
Salaries	82,220		82,220	82,220	
Purchased services	7,000	923	7,923	7,923	
Supplies and materials	12,807	(923)	11,884	11,884	
Total school-sponsored athletics - instruct.	102,027		102,027	102,027	
Total Instruction	4,894,553	4,353	4,898,906	4,569,298	329,608
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	4,639,441	31,890	4,671,331	4,671,331	
Tuition to other LEAs within the state - spec	373,234		373,234	307,217	66,017
Tuition to private school for the disabled - w/i	427,483	(26,352)	401,131	119,894	281,237
Total undistributed expenditures - instruction	5,440,158	5,538	5,445,696	5,098,442	347,254

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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Health Services:					
Salaries	\$ 89,599	\$ 1,465	\$ 91,064	\$ 90,549	\$ 515
Purchased professional and technical services	107,429	5,941	113,370	111,247	2,123
Supplies and materials	4,350	188	4,538	4,537	1
Other objects	200	705	905	905	
Total health services	201,578	8,299	209,877	207,238	2,639
Speech, OT, PT, & Related Services:					
Salaries	140,500	529	141,029	140,734	295
Purchased professional educational services	850	(847)	3	3	3
Supplies and materials	2,500	5	2,505	2,504	1
Total speech, ot, pt & related services	143,850	(313)	143,537	143,238	299
Guidance:					
Salaries of other professional staff	94,950	758	95,708	95,667	41
Supplies and materials	4,880	84	4,964	4,588	376
Total guidance	99,830	842	100,672	100,255	417
Child Study Teams:					
Salaries of other professional staff	294,725	(31,892)	262,833	259,387	3,446
Salaries of secretarial and clerical assistants	47,267		47,267	45,325	1,942
Purchased professional educational services	-	30,000	30,000	30,000	
Supplies and materials	7,249		7,249	6,558	691
Total child study teams	349,241	(1,892)	347,349	341,270	6,079
Improvement of Instructional Services:					
Salaries supervisor of Instruction	204,000		204,000	204,000	
Salaries of secretarial and clerical assistants	72,559	(8,969)	63,590	63,590	
Supplies and materials	4,000	(1,145)	2,855	2,854	1
Other objects	5,050	(1,097)	3,953	3,952	1
Total improvement of instructional services	285,609	(11,211)	274,398	274,396	2
Educational Media Services/School Library:					
Salaries	81,555	(6,653)	74,902	74,100	802
Supplies and materials	19,115		19,115	14,994	4,121
Total educational media services/school library	100,670	(6,653)	94,017	89,094	4,923
Instructional Staff Training Services:					
Other salaries		9,716	9,716	9,716	
Other purchased services	34,000	2,639	36,639	36,638	1
Total instructional staff training services	34,000	12,355	46,355	46,354	1

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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
General Administration:					
Salaries	\$ 191,461	\$ (5,021)	\$ 186,440	\$ 186,047	\$ 393
Legal services	45,000	2,572	47,572	47,571	1
Audit fees	24,400	(295)	24,105	23,800	305
Other purchased prof. services	9,500	2,500	12,000	7,000	5,000
Communications / telephone	10,500		10,500	8,835	1,665
BOE other purchased services	2,500		2,500	2,445	55
General supplies	5,200		5,200	5,200	
Miscellaneous expenditures	21,460	2,600	24,060	22,501	1,559
Total general administration	310,021	2,356	312,377	303,399	8,978
School Administration:					
Salaries of principals/assist. principals	113,310	500	113,810	113,810	
Salaries of secretarial and clerical assistants	103,088	(500)	102,588	100,034	2,554
Other purchased services	350		350		350
Supplies and materials	1,800		1,800	1,800	
Other objects	1,200		1,200	1,170	30
Total school administration	219,748		219,748	216,814	2,934
Central services:					
Salaries	207,688	3,104	210,792	202,149	8,643
Supplies and materials	6,350	1,108	7,458	7,457	1
Miscellaneous expenditures	20,200	6,359	26,559	26,461	98
Total central services	234,238	10,571	244,809	236,067	8,742
Required Maintenance School Facilities:					
Cleaning, repairs & maintenance services	100,000	5,876	105,876	105,876	
Total required maintenance school facilities	100,000	5,876	105,876	105,876	-
Custodial Services:					
Salaries	397,821	(552)	397,269	385,383	11,886
Cleaning, repair and maintenance services	78,250	2,873	81,123	79,722	1,401
Other purchased property services	41,657		41,657	33,883	7,774
Insurance	72,976	552	73,528	73,528	
Miscellaneous purchased services	2,500		2,500	450	2,050
General Supplies	81,150		81,150	66,829	14,321
Energy (Electricity)	255,850	20,830	276,680	272,683	3,997
Energy (Natural Gas)	85,750	(29,579)	56,171	21,635	34,536
Total custodial services	1,015,954	(5,876)	1,010,078	934,113	75,965
Care and Upkeep of Grounds:					
Cleaning, repairs & maintenance services	77,900		77,900	55,829	22,071
Total care and upkeep of grounds	77,900		77,900	55,829	22,071
Total operation & maint. of plant services	1,193,854	-	1,193,854	1,095,818	98,036

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, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services:					
Salaries for Pupil Trans (between home and school) - Regular Ed.	\$ 20,015	\$ (8,998)	\$ 11,017	\$ 11,016	\$ 1
Salaries for Pupil Trans (between home and school) - Special Ed.	28,800		28,800	22,794	6,006
Contr. serv. (between home & sch) - vendor	306,850	(3,062)	303,788	279,480	24,308
Contr. serv. (not between home & sch) - vendor	34,450	893	35,343	28,805	6,538
Contr. serv. (between home & sch) - joint agree.	1,500	1,152	2,652	2,652	
Contr. Serv. (Spl. Ed. Students) - vendors	304,500	1,107	305,607	166,883	138,724
Contr. Serv. - aid in lieu of	50,500	(90)	50,410	31,824	18,586
Transportation supplies	23,450		23,450	5,604	17,846
Total student transportation services	770,065	(8,998)	761,067	549,058	212,009
Unallocated Benefits - Employee Benefits					
Social security contributions	122,250	11,372	133,622	133,622	
Other retirement contributions - PERS	116,458		116,458	104,618	11,840
Other retirement contributions - reg.	4,350	290	4,640	4,628	12
Workmen's compensation	66,025		66,025	62,525	3,500
Health benefits	1,792,710	(18,662)	1,774,048	1,461,401	312,647
Tuition reimbursement	40,000		40,000	10,139	29,861
Sick payment to terminated/retired emp.		4,810	4,810	4,810	
Other employee benefits	50,500	2,190	52,690	52,500	190
Total unallocated benefits	2,192,293		2,192,293	1,834,243	358,050
On-behalf TPAF pension contr. (non-budgeted)				346,413	(346,413)
On-behalf TPAF post retirement medical (non-budgeted)				412,483	(412,483)
Reimbursed TPAF social security contr. (non-budgeted)				324,236	(324,236)
Total Undistributed Expenditures	11,575,155	10,894	11,586,049	11,618,818	(32,769)
Total General Current Expense	16,469,708	15,247	16,484,955	16,188,116	296,839
CAPITAL OUTLAY:					
Equipment					
Non-Instructional Equipment	5,000		5,000		5,000
Total Equipment	5,000	-	5,000	-	5,000
Facilities acquisition and construction services					
Construction Services	1,185,230	(1,185,230)			
Other objects					
Assessment for Debt Service on SDA Funding	19,308		19,308	19,308	
Total Facilities acquisition and construction	1,204,538	(1,185,230)	19,308	19,308	-
Total Capital Outlay	1,209,538	(1,185,230)	24,308	19,308	5,000

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

(CONTINUED TO NEXT PAGE)

CRANBURY TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer of Funds to Charter Schools	\$ 15,247	\$ (15,247)	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	<u>17,694,493</u>	<u>(1,185,230)</u>	<u>16,509,263</u>	<u>16,207,424</u>	<u>301,839</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(1,636,302)</u>	<u>1,185,230</u>	<u>(451,072)</u>	<u>1,743,436</u>	<u>2,194,508</u>
Other Financing Sources:					
Capital Projects transfer to Capital Reserve				212,468	212,468
Capital reserve transfer to Capital Projects		<u>(1,185,230)</u>	<u>(1,185,230)</u>	<u>(1,185,230)</u>	
Total Other Financing Sources		<u>(1,185,230)</u>	<u>(1,185,230)</u>	<u>(972,762)</u>	<u>212,468</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(1,636,302)</u>		<u>(1,636,302)</u>	<u>770,674</u>	<u>2,406,976</u>
Fund Balance - July 1, 2015	<u>3,483,637</u>		<u>3,483,637</u>	<u>3,483,637</u>	
Fund Balance - June 30, 2016	<u>\$ 1,847,335</u>	<u>\$ -</u>	<u>\$ 1,847,335</u>	<u>\$ 4,254,311</u>	<u>\$ 2,406,976</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 2,747,291	
Tuition reserve 2017-2018				300,000	
Tuition reserve 2016-2017				300,000	
Maintenance reserve				511,187	
Assigned Fund Balance:					
Year-end encumbrances				19,390	
Designated for subsequent year's budget				12,328	
Unassigned Fund Balance:				<u>364,115</u>	
				<u>4,254,311</u>	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment not Recognized on GAAP Basis				<u>(44,721)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,209,590</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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 3,170	\$ -	\$ 3,170	\$ 3,006	\$ (164)
Federal sources	184,333	-	184,333	184,333	-
Total Revenues	<u>187,503</u>	<u>-</u>	<u>187,503</u>	<u>187,339</u>	<u>(164)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	27,366	364	27,730	27,730	-
Purchased prof. - educational services	2,256	-	2,256	2,112	144
General supplies	15,500	(364)	15,136	15,136	-
Tuition	123,990	-	123,990	123,990	-
Textbooks	914	-	914	894	20
Total Instruction	<u>170,026</u>	<u>-</u>	<u>170,026</u>	<u>169,862</u>	<u>164</u>
Support Services:					
Salaries	12,082	-	12,082	12,082	-
Purchased professional - tech. services	5,395	-	5,395	5,395	-
Total Support Services	<u>17,477</u>	<u>-</u>	<u>17,477</u>	<u>17,477</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Instructional equipment	-	-	-	-	-
Total Facilities Acq. and Const. Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>187,503</u>	<u>-</u>	<u>187,503</u>	<u>187,339</u>	<u>164</u>
Total Outflows	<u>187,503</u>	<u>-</u>	<u>187,503</u>	<u>187,339</u>	<u>164</u>
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2016

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 17,950,860	\$ 187,339
Difference - budget to GAAP:		
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.	43,820	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(44,721)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 17,949,959	\$ 187,339
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 16,207,424	\$ 187,339
Differences - budget to GAAP		
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	\$ 16,207,424	\$ 187,339

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

CRANBURY TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0121686786%	0.0125510444%	0.0139526012%
District's proportionate share of the net pension liability (asset)	\$ 2,731,624	\$ 2,349,899	\$ 2,666,619
District's covered-employee payroll	989,428	928,450	887,959
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276.08%	253.10%	300.31%
Plan fiduciary net position as a percentage of the total pension liability	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

CRANBURY TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 114,777	\$ 104,618	\$ 103,469
Contributions in relation to the contractually required contributions	<u>(114,777)</u>	<u>(104,618)</u>	<u>(103,469)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 989,428	\$ 928,450	\$ 887,959
Contributions as a percentage of covered-employee payroll	11.60%	11.27%	11.65%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

CRANBURY TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0459134656%	0.0475144512%	0.0512708298%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 29,019,271	\$ 25,394,928	\$ 25,911,874
Total	\$ 29,019,271	\$ 25,394,928	\$ 25,911,874
District's covered-employee payroll	\$ 4,489,338	\$ 4,582,660	\$ 4,382,804
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

**Cranbury Township School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2016**

1. Teacher's Pension and Annuity Fund (TPAF)

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

Changes of assumptions: Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

2. Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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, 2016**

	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Security	Nonpublic Nursing	Title I	Title I School Rewards	Title IIA	IDEA Basic	IDEA Preschool	Totals
REVENUES:										
State sources	\$ 894	\$ 340	\$ 337	\$ 1,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,006
Federal sources					31,311	10,000	13,544	123,990	5,488	184,333
Total Revenues	894	340	337	1,435	31,311	10,000	13,544	123,990	5,488	187,339
EXPENDITURES:										
Instruction:										
Salaries of teachers					22,242				5,488	27,730
Purchased professional - educational serv.		340	337	1,435						2,112
General supplies					5,136	10,000				15,136
Tuition								123,990		123,990
Textbooks	894									894
Total Instruction	894	340	337	1,435	27,378	10,000		123,990	5,488	169,862
Support Services:										
Salaries					2,142		9,940			12,082
Purchased professional - technical serv.					1,791		3,604			5,395
Total Support Services					3,933		13,544			17,477
Facilities Acquisition and Const. Serv.:										
Instructional equipment										
Total Facilities Acq. and Const. Serv.										
Total Expenditures	894	340	337	1,435	31,311	10,000	13,544	123,990	5,488	187,339
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, 2016**

Revenues and Other Financing Sources:	
State Aid - SDA Grant	\$ 627,548
Transfer from Capital Reserve	1,185,230
Total revenues and other financing sources	1,812,778
 Expenditures and Other Financing Uses:	
Purchased professional services	20,001
Construction services	1,780,962
Transfer to Capital Reserve	212,468
Total expenditures and other financing uses	2,013,431
Excess (deficiency) or revenues over (under) expenditures	(200,653)
Fund Balance - July 1, 2015	444,587
Fund Balance - June 30, 2016	\$ 243,934

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, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 65,460	\$ -	\$ 65,460	\$ 65,460
Transfer from Capital Reserve	98,191		98,191	98,191
Total revenues	<u>163,651</u>	<u></u>	<u>163,651</u>	<u>163,651</u>
Expenditures and Other Financing Uses:				
Purchased professional services				
Construction services	163,651		163,651	163,651
Transfer to General Fund				
Total expenditures	<u>163,651</u>	<u></u>	<u>163,651</u>	<u>163,651</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	100.00%
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, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 247,108	\$ (75,075)	\$ 172,033	\$ 172,033
Transfer from Capital Reserve	370,661		370,661	370,661
Total revenues	<u>617,769</u>	<u>(75,075)</u>	<u>542,694</u>	<u>542,694</u>
Expenditures and Other Financing Uses:				
Purchased professional services	6,890		6,890	6,890
Construction services	430,054		430,054	430,054
Transfer to Capital Reserve		105,750	105,750	105,750
Total expenditures	<u>436,944</u>	<u>105,750</u>	<u>542,694</u>	<u>542,694</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$180,825</u>	<u>\$ (180,825)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
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			
Percentage Increase over Original Authorized Cost				
Percentage Completion	100.00%			
Original target completion date	7/31/2013			
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
Boiler Replacement
From Inception and for the Fiscal Year ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 139,392	\$ (69,915)	\$ 69,477	\$ 69,477
Transfer from Capital Reserve	209,088		209,088	209,088
Total revenues	<u>348,480</u>	<u>(69,915)</u>	<u>278,565</u>	<u>278,565</u>
Expenditures and Other Financing Uses:				
Purchased professional services	28,455	700	29,155	29,155
Construction services	142,692		142,692	142,692
Transfer to Capital Reserve		106,718	106,718	106,718
Total expenditures	<u>171,147</u>	<u>107,418</u>	<u>278,565</u>	<u>278,565</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 177,333</u>	<u>\$ (177,333)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	#0970-030-141-1001			
Grant Date	5/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 348,480			
Additional Authorized Cost				
Revised Authorized Cost	\$ 348,480			
Percentage Increase over Original Authorized Cost				
Percentage Completion	10.00%			
Original target completion date	9/30/2014			
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
Communications and Safety Project
From Inception and for the Fiscal Year ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 441,446		\$ 441,446	\$ 441,446
Transfer from Capital Reserve	662,169		662,169	662,169
Total revenues	1,103,615		1,103,615	1,103,615
Expenditures and Other Financing Uses:				
Purchased professional services	12,960		12,960	12,960
Construction services	1,004,226	86,429	1,090,655	1,090,655
Total expenditures	1,017,186	86,429	1,103,615	1,103,615
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ (86,429)	\$ -	\$ -
Additional project information:				
Project Number	#0970-030-14-1002			
Grant Date	10/9/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,103,615			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,103,615			
Percentage Increase over Original Authorized Cost				
Percentage Completion				
Original target completion date	9/30/2015			
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
Mechanical Upgrades
From Inception and for the Fiscal Year ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ -	\$ 487,587	\$ 487,587	\$ 487,587
Transfer from Capital Reserve		731,380	731,380	731,380
Total revenues	<u> </u>	<u>1,218,967</u>	<u>1,218,967</u>	<u>1,218,967</u>
Expenditures and Other Financing Uses:				
Purchased professional services		16,244	16,244	16,244
Construction services		1,043,155	1,043,155	1,043,155
Total expenditures	<u> </u>	<u>1,059,399</u>	<u>1,059,399</u>	<u>1,059,399</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 159,568</u>	<u>\$ 159,568</u>	<u>\$ 159,568</u>
Additional project information:				
Project Number	#0970-030-14-1003			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,218,967			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,218,967			
Percentage Increase over Original Authorized Cost				
Percentage Completion				
Original target completion date	9/30/2016			
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
Partial Roof Replacement
From Inception and for the Fiscal Year ended June 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Costs
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ -	\$ 284,951	\$ 284,951	\$ 284,951
Transfer from Capital Reserve		453,850	453,850	453,850
Total revenues		738,801	738,801	738,801
Expenditures and Other Financing Uses:				
Purchased professional services		3,057	3,057	3,057
Construction services		651,378	651,378	651,378
Total expenditures		654,435	654,435	654,435
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ 84,366	\$ 84,366	\$ 84,366
Additional project information:				
Project Number	#0970-030-14-1004			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 756,416			
Additional Authorized Cost				
Revised Authorized Cost	\$ 756,416			
Percentage Increase over Original Authorized Cost				
Percentage Completion				
Original target completion date	12/31/2016			
Revised target completion date	N/A			

Proprietary Funds

CRANBURY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
June 30, 2016

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 4,062
Accounts receivable:	
State	81
Federal	1,462
Interfund	2,340
Inventories	<u>2,412</u>
Total Current Assets	<u>10,357</u>
Noncurrent Assets:	
Equipment	80,522
Less - accumulated depreciation	<u>(75,771)</u>
Total Noncurrent Assets	<u>4,751</u>
Total Assets	<u>15,108</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	3,272
Unearned Revenue	<u>5,878</u>
Total Current Liabilities	<u>9,150</u>
NET POSITION:	
Net investment in capital assets	4,751
Unrestricted	<u>1,207</u>
Total Net Position	<u>\$ 5,958</u>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Food Service Fund</u>
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 63,355
Daily sales non-reimbursable programs	
Adult and alacarte sales	57,753
Special functions	<u>2,304</u>
Total Operating Revenues	<u>123,412</u>
OPERATING EXPENSES:	
Salaries and fringe benefits	83,952
Management fee	
Supplies and materials	9,047
Liability insurance	1,815
Other costs	14,122
Depreciation	1,725
Cost of sales	<u>50,033</u>
Total Operating Expenses	<u>160,694</u>
Operating Income (Loss)	<u>(37,282)</u>
Non-Operating Revenues:	
State sources:	
State school lunch program	1,019
Federal sources:	
Food Distribution Program	6,144
National school lunch program	18,289
Local sources:	
Miscellaneous	
Interest earned	<u>127</u>
Total Non-Operating Revenues	<u>25,579</u>
Changes in Net Position	(11,703)
Net Position - July 1, 2015	<u>17,661</u>
Net Position - June 30, 2016	<u>\$ 5,958</u>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 127,895
Cash payments to employees for services	(76,696)
Cash payments to suppliers for goods and services	<u>(80,612)</u>
Net cash provided by (used for) operating activities	<u>(29,413)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	1,139
Cash received from federal sources	19,608
Miscellaneous	<u>20,747</u>
Net cash provided by noncapital financing activities	<u>20,747</u>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<u>127</u>
Net increase (decrease) in cash and cash equivalents	(8,539)
Cash and cash equivalents - July 1, 2015	<u>12,601</u>
Cash and cash equivalents - June 30, 2016	<u>\$ 4,062</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (37,282)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	1,725
Federal Commodities	6,144
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	5,420
(Increase) decrease in inventories	996
(Increase) decrease in interfund receivable	(2,340)
Increase (decrease) in unearned revenue	(935)
Increase (decrease) in accounts payable	<u>(3,141)</u>
Net cash provided by (used for) operating activities	<u>\$ (29,413)</u>
Noncash Noncapital Financing Activities:	
During the year the District received \$6,144 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, 2016

	Trust Funds		Agency Funds		
	Unemployment Compensation Insurance	Scholarship Funds	Student Activity	Payroll	Totals
ASSETS:					
Cash and cash equivalents	\$ 39,359	\$ 4,906	\$ 16,884	\$ -	\$ 61,149
Interfund				2,190	2,190
Total Assets	\$ 39,359	\$ 4,906	\$ 16,884	\$ 2,190	\$ 63,339
 LIABILITIES:					
Cash overdraft				2,190	2,190
Payroll deductions and withholdings Due to student groups			16,884		16,884
Total Liabilities			\$ 16,884	\$ 2,190	19,074
 NET POSITION:					
Held in trust for payment of claims	39,359				39,359
Held in trust for scholarships		4,906			4,906
Total Net Position	\$ 39,359	\$ 4,906			\$ 44,265

CRANBURY TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	McPhillips Memorial Scholarship Fund	Unemployment Compensation Insurance Trust Fund	Totals
ADDITIONS:			
Interest on investments	\$ 50	\$ 330	\$ 380
Employee withholdings		13,318	13,318
Board Contribution			
Total Additions	50	13,648	13,698
DEDUCTIONS:			
Unemployment compensation			
Insurance claims		19,963	19,963
Scholarships	250		250
Total Deductions	250	19,963	20,213
Change in Net Position	(200)	(6,315)	(6,515)
Net Position -- July 1, 2015	5,106	45,674	50,780
Net Position -- June 30, 2016	\$ 4,906	\$ 39,359	\$ 44,265

CRANBURY TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2016</u>
Elementary School	\$ 18,343	\$ 54,810	\$ 56,269	\$ -	\$ 16,884
Total	<u>\$ 18,343</u>	<u>\$ 54,810</u>	<u>\$ 56,269</u>	<u>\$ -</u>	<u>\$ 16,884</u>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and cash equivalents	\$ 412	\$ 6,765,976	\$ 6,766,388	\$ -
Interfund receivable	3,044		854	2,190
Total Assets	<u>\$ 3,456</u>	<u>\$ 6,765,976</u>	<u>\$ 6,767,242</u>	<u>\$ 2,190</u>
 LIABILITIES:				
Cash overdraft	\$ -	\$ 2,190	\$ -	\$ 2,190
Net payroll	-	3,607,002	3,607,002	-
Payroll deductions and withholdings	3,456	3,155,502	3,158,958	-
Interfund payable		1,282	1,282	-
Total Liabilities	<u>\$ 3,456</u>	<u>\$ 6,765,976</u>	<u>\$ 6,767,242</u>	<u>\$ 2,190</u>

Long-Term Debt Schedules

**CRANBURY TOWNSHIP SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
2010 Refunding of 2002 bonds	07/15/10	\$ 3,880,000	07/15/16	\$ 355,000	4.000%	\$ 3,190,000	\$ -	\$ 345,000	\$ 2,845,000
			07/15/17	375,000	4.000%				
			07/15/18	395,000	4.000%				
			07/15/19	405,000	4.000%				
			07/15/20	420,000	4.000%				
			07/15/21	440,000	4.000%				
			07/15/22	455,000	4.000%				
2005 Refunding of 1995 bonds	09/01/05	3,255,000				400,000		400,000	
						<u>\$ 3,590,000</u>	<u>\$ -</u>	<u>\$ 745,000</u>	<u>\$ 2,845,000</u>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 883,975	\$ -	\$ 883,975	\$ 883,975	\$ -
Total Revenues	883,975		883,975	883,975	
EXPENDITURES:					
Regular debt service:					
Interest	138,975		138,975	138,975	
Redemption of principal	745,000		745,000	745,000	
Total Expenditures	883,975		883,975	883,975	
Excess (Deficiency) of revenues over (under) expenditures					
Other Financing Sources:					
Operating transfers in					
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):					
Fund Balance - July 1, 2015					
Fund Balance - June 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ -

Statistical Section

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

J-1

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 5,077,257	\$ 3,548,504	\$ 3,671,608	\$ 3,819,569	\$ 4,266,215	\$ 5,597,384	\$ 5,438,135	\$ 5,758,720	\$ 6,706,807	\$ 8,664,482
Restricted for:										
Capital projects	45,289	1,046,100	1,063,163	1,353,579	1,333,193	1,334,962	1,692,372	2,763,012	2,500,478	2,991,225
Debt service	29,782	7	7	-	-	2,000	-	35	-	-
Other purposes	1,656,525	1,558,789	1,749,410	1,641,168	1,424,415	1,186,165	1,995,182	1,211,341	1,062,259	1,142,905
Unrestricted	9,071	(28,573)	(45,167)	7,857	171,931	146,048	47,618	92,818	(2,472,584)	(2,462,954)
Total governmental activities net position	\$ 6,817,924	\$ 6,124,827	\$ 6,439,021	\$ 6,822,173	\$ 7,195,754	\$ 8,266,559	\$ 9,173,307	\$ 9,825,926	\$ 7,796,960	\$ 10,335,658
Business-type activities:										
Net investment in capital assets	\$ 564	\$ 14,997	\$ 12,896	\$ 10,795	\$ 8,485	\$ 16,138	\$ 8,768	\$ 9,634	\$ 6,476	\$ 4,751
Unrestricted	54,293	51,565	64,372	63,187	48,366	30,592	26,102	17,645	11,185	1,207
Total business-type activities net position	\$ 54,857	\$ 66,562	\$ 77,268	\$ 73,982	\$ 56,851	\$ 46,730	\$ 34,870	\$ 27,279	\$ 17,661	\$ 5,958
District-wide:										
Net investment in capital assets	\$ 5,077,821	\$ 3,563,501	\$ 3,684,504	\$ 3,830,364	\$ 4,274,700	\$ 5,613,522	\$ 5,446,903	\$ 5,768,354	\$ 6,713,283	\$ 8,669,233
Restricted:										
Capital projects	45,289	1,046,100	1,063,163	1,353,579	1,333,193	1,334,962	1,692,372	2,763,012	2,500,478	2,991,225
Debt service	29,782	7	7	-	-	2,000	-	35	-	-
Other purposes	1,656,525	1,558,789	1,749,410	1,641,168	1,424,415	1,186,165	1,995,182	1,211,341	1,062,259	1,142,905
Unrestricted	63,364	22,992	19,205	71,044	220,297	176,640	73,720	110,463	(2,461,399)	(2,461,747)
Total district net position	\$ 6,872,781	\$ 6,191,389	\$ 6,516,289	\$ 6,896,155	\$ 7,252,605	\$ 8,313,289	\$ 9,208,177	\$ 9,853,205	\$ 7,814,621	\$ 10,341,616

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 4,015,997	\$ 4,548,876	\$ 4,353,609	\$ 4,410,389	\$ 4,086,870	\$ 3,803,079	\$ 3,823,319	\$ 3,879,413	\$ 4,015,513	\$ 3,864,869
Special education	575,471	622,270	746,662	727,581	785,278	958,483	887,449	909,186	942,112	962,243
Other instruction	260,202	278,765	301,049	337,817	295,457	302,074	280,789	315,516	274,212	277,800
Support Services:										
Tuition	4,061,212	4,269,421	4,990,714	5,383,314	4,871,773	4,620,664	4,449,711	4,810,835	4,998,471	5,098,442
Student & instruction related services	866,486	1,078,933	1,126,456	1,149,998	1,098,149	1,026,639	1,066,856	1,054,179	1,117,388	1,219,322
School administrative services	200,997	225,175	206,745	220,007	219,886	210,625	193,913	196,656	228,646	329,524
General and business administrative services	605,199	654,682	633,678	608,220	618,270	570,864	550,985	578,542	574,301	479,006
Plant operations and maintenance	1,087,222	1,176,410	1,059,103	1,002,651	1,080,275	1,059,435	2,142,972	1,675,342	1,735,858	1,174,218
Pupil transportation	680,055	801,270	940,483	709,765	739,754	685,262	651,928	743,547	733,998	555,751
Business and other support services										
Unallocated employee benefits	2,306,090	2,273,273	2,404,642	2,553,488	2,661,493	2,693,641	2,797,811	2,564,719	2,787,835	2,920,647
Special schools										
Interest on long-term debt	389,399	365,811	348,877	322,067	274,544	239,847	219,440	177,637	167,925	123,800
Unallocated depreciation	76,664	94,114	515,089	717,813	15,064	109,645	69,285	92,663	89,181	104,501
Total governmental activities expenses	<u>15,124,994</u>	<u>16,389,000</u>	<u>17,627,107</u>	<u>18,143,110</u>	<u>16,746,813</u>	<u>16,280,258</u>	<u>17,134,458</u>	<u>16,998,235</u>	<u>17,665,440</u>	<u>17,110,123</u>
Business-type activities:										
Food service	197,061	224,557	207,779	219,295	210,856	229,704	203,142	176,818	158,090	160,694
Total business-type activities expense	<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>	<u>176,818</u>	<u>158,090</u>	<u>160,694</u>
Total district expenses	<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>	<u>\$ 17,175,053</u>	<u>\$ 17,823,530</u>	<u>\$ 17,270,817</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000
Operating grants and contributions	1,029,599	1,052,912	873,410	1,322,242	919,341	1,032,394	1,239,441	1,035,215	1,133,026	1,270,471
Capital grants and contributions									441,446	627,548
Total governmental activities program revenues	<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>	<u>1,035,215</u>	<u>1,578,474</u>	<u>1,902,019</u>

(Continued)

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Food service	\$ 180,751	\$ 193,748	\$ 196,190	\$ 192,351	\$ 185,832	\$ 185,870	\$ 148,391	\$ 139,900	\$ 124,002	\$ 123,412
Operating grants and contributions	14,475	25,094	21,805	23,143	18,448	22,282	29,593	24,994	22,666	25,452
Capital grants and contributions										
Total business-type activities program revenues	<u>195,226</u>	<u>218,842</u>	<u>217,995</u>	<u>215,494</u>	<u>204,280</u>	<u>208,152</u>	<u>177,984</u>	<u>164,894</u>	<u>146,668</u>	<u>148,864</u>
Total district program revenues	<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>	<u>\$ 1,200,109</u>	<u>\$ 1,725,142</u>	<u>\$ 2,050,883</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (14,095,395)	\$ (15,336,088)	\$ (16,753,697)	\$ (16,820,868)	\$ (15,827,472)	\$ (15,247,864)	\$ (15,895,017)	\$ (15,963,020)	\$ (16,086,966)	\$ (15,208,104)
Business-type activities	(1,835)	(5,715)	10,216	(3,801)	(6,576)	(21,552)	(25,158)	(11,924)	(11,422)	(11,830)
Total district-wide net expense	<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>	<u>\$ (15,974,944)</u>	<u>\$ (16,098,388)</u>	<u>\$ (15,219,934)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 13,832,437	\$ 14,630,991	\$ 15,216,230	\$ 15,465,852	\$ 14,662,679	\$ 14,941,270	\$ 15,091,151	\$ 14,936,156	\$ 15,122,858	\$ 15,492,532
Taxes levied for debt service	850,765	880,459	908,461	910,819	912,168	880,961	896,425	902,670	877,890	863,975
Unrestricted grants and contributions	748,748	759,345	786,086	647,470	100,981	364,687	776,383	640,628	509,385	504,346
Investment earnings		266		2,578	1,411	1,473	1,902	1,634	1,642	1,662
Miscellaneous income	161,506	106,427	157,114	177,301	512,814	114,319	148,119	134,551	107,714	864,287
Adjustments to fixed assets						15,959				
Transfers	(55,000)				11,000					
Total governmental activities	<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>16,913,980</u>	<u>16,615,639</u>	<u>16,619,489</u>	<u>17,746,802</u>
Business-type activities:										
Miscellaneous	255	888	490	515	445	251	13,298	4,333	1,804	127
Adjustments to fixed assets						11,180				
Transfers	55,000				(11,000)					
Total business-type activities	<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>	<u>4,333</u>	<u>1,804</u>	<u>127</u>
Total district-wide	<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>	<u>\$ 16,619,972</u>	<u>\$ 16,621,293</u>	<u>\$ 17,746,929</u>
Change in Net Position:										
Governmental activities	\$ 1,443,061	\$ 1,041,400	\$ 314,194	\$ 383,152	\$ 373,581	\$ 1,070,805	\$ 1,018,963	\$ 652,619	\$ 532,523	\$ 2,538,698
Business-type activities	53,420	(4,827)	10,706	(3,286)	(17,131)	(10,121)	(11,860)	(7,591)	(9,618)	(11,703)
Total district-wide	<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>	<u>\$ 645,028</u>	<u>\$ 522,905</u>	<u>\$ 2,526,995</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Restricted for:										
Capital reserve	\$ 18,160	\$ 1,018,705	\$ 1,063,163	\$ 1,353,579	\$ 1,333,193	\$ 1,334,962	\$ 1,692,372	\$ 2,259,918	\$ 2,055,891	\$ 2,747,291
Future tuition payments	500,000	800,000	905,000	738,653	33,653	250,000	500,000	550,000	600,000	600,000
Maintenance reserve			250,000	250,000		200,000	600,000	511,187	411,187	511,187
Excess surplus	363,422	268,197								
Assigned for:										
Year-end encumbrances	638,822	73,170	198,213	285,307	1,153,834	728,663	151,887	150,154	36,537	19,390
Designated for subsequent year's budget	154,281	417,422	396,197	367,208	213,913	7,502	5,145	14,535	14,535	12,328
Unassigned	288,098	290,511	254,567	269,186	340,259	299,406	285,937	306,235	321,667	319,394
Total general fund	<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>	<u>\$ 3,777,494</u>	<u>\$ 3,439,817</u>	<u>\$ 4,209,590</u>
All Other Governmental Funds										
Assigned for:										
Year-end encumbrances					\$ 6,801		\$ 571,585	\$ 152,278	\$ 82,014	\$ 154,200
Designated for subsequent year's budget								35		
Unassigned, reported in:										
Capital projects fund	\$ 27,129	\$ 27,395					166,565	350,816	362,573	89,734
Debt service fund	29,782	7	\$ 7		16,214	\$ 2,000				
Total all other governmental funds	<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>	<u>\$ 503,129</u>	<u>\$ 444,587</u>	<u>\$ 243,934</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 14,683,202	\$ 15,511,450	\$ 16,124,691	\$ 16,376,671	\$ 15,574,847	\$ 15,822,231	\$ 15,987,576	\$ 15,838,826	\$ 16,000,748	\$ 16,376,507
Tuition charges										
Interest earnings				2,578	1,411	1,473	1,902	1,634	1,642	1,662
Miscellaneous	161,506	106,693	157,114	177,301	512,814	114,319	148,119	134,551	111,714	868,287
State sources	1,603,734	1,630,174	1,475,256	1,608,546	812,085	1,175,621	1,822,137	1,496,632	1,931,820	2,218,032
Federal sources	174,613	182,083	184,240	361,166	208,237	221,460	193,687	179,211	152,039	184,333
Total revenue	16,623,055	17,430,400	17,941,301	18,526,262	17,109,394	17,335,104	18,153,421	17,650,854	18,197,963	19,648,821
Expenditures										
Instruction										
Regular instruction	3,792,358	4,202,282	4,073,060	4,144,820	3,778,079	3,496,330	3,514,447	3,564,839	3,607,904	3,499,117
Special education instruction	575,471	622,270	746,662	727,581	785,278	958,483	887,449	909,186	942,112	962,243
Other special instruction	260,202	278,765	301,049	337,817	295,457	302,074	280,789	315,516	274,212	277,800
Other instruction										
Support Services:										
Tuition	4,061,212	4,269,421	4,990,714	5,383,314	4,871,773	4,620,664	4,449,711	4,810,835	4,998,471	5,098,442
Student & instruction related services	866,486	1,078,933	1,126,456	1,149,998	1,098,149	1,026,639	1,066,856	1,054,179	1,117,388	1,219,322
School administrative services	200,997	225,175	206,745	220,007	219,886	210,625	193,913	196,656	203,379	303,399
General and business admin. services	570,971	611,728	590,886	565,347	575,398	523,730	505,939	532,211	549,034	452,881
Plant operations and maintenance	1,223,722	1,176,410	1,059,103	1,002,651	1,080,275	1,046,067	1,042,209	1,039,487	1,297,131	1,095,818
Pupil transportation	680,055	801,270	940,483	709,765	739,754	670,918	645,234	736,553	727,304	549,058
Other support services	2,306,090	2,273,273	2,404,642	2,553,488	2,661,493	2,693,641	2,797,811	2,564,719	2,810,475	2,917,375
Special Schools										
Capital outlay	238,421	104,926	421,300	623,862	284,964	1,166,092	719,680	716,906	1,188,847	1,820,271
Debt service:										
Principal	464,735	530,358	551,017	576,688	602,409	648,168	678,985	709,843	710,000	745,000
Interest and other charges	397,812	379,876	357,444	334,138	293,545	247,007	219,440	192,792	167,925	138,975
Total expenditures	15,638,532	16,554,687	17,769,561	18,329,476	17,286,460	17,810,438	17,002,463	17,343,722	18,594,182	19,079,701
Excess (Deficiency) of revenues over (under) expenditures	984,523	875,713	171,740	196,786	(177,066)	(275,334)	1,150,958	307,132	(396,219)	569,120
Other Financing sources (uses)										
Proceeds from borrowing										
Accrued interest on sale of bonds										
Capital contribution										
Transfers in			27,395		11,000			209,088	662,169	1,397,698
Transfers out	(55,000)	(27,395)						(209,088)	(662,169)	(1,397,698)
Total other financing sources (uses)	(55,000)	-	-	-	11,000	-	-	-	-	-
Net change in fund balances	\$ 929,523	\$ 875,713	\$ 171,740	\$ 196,786	\$ (166,066)	\$ (275,334)	\$ 1,150,958	\$ 307,132	\$ (396,219)	\$ 569,120
Debt service as a percentage of noncapital expenditures	5.60%	5.53%	5.24%	5.14%	5.27%	5.44%	5.52%	5.43%	5.04%	5.12%

Source: District records

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

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Tuition Refund</u>	<u>Prior Year Refunds</u>	<u>Rentals</u>	<u>Donations</u>	<u>Insurance Rebate</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2014	43,449		2,000	39,843	50,700			193	136,185
2015	48,733	4,000		4,581	50,325			5,717	113,356
2016	37,434	4,000	5,209	770,637	49,680			2,989	869,949
	<u>\$ 566,695</u>	<u>\$ 17,225</u>	<u>\$ 428,076</u>	<u>\$ 1,044,886</u>	<u>\$ 376,929</u>	<u>\$ 16,353</u>	<u>\$ 11,698</u>	<u>\$ 42,858</u>	<u>\$ 2,504,720</u>

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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 Reg.	Qfarm	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
2007 R	\$ 29,857,600	\$ 780,884,700	\$ 33,710,000	\$ 2,866,400	\$ 243,145,200	\$ 762,437,400	\$ 1,025,800	\$1,853,927,100	\$ 2,293,513	\$1,856,220,613	\$ 61,557,035	\$ 0.814	\$ 1,826,559,176
2008	15,432,100	775,832,000	34,174,400	2,956,000	253,948,400	765,257,900	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	1,784,144,900	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	1,598,295,900	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
2014	10,174,400	702,804,100	28,964,100	2,860,500	224,113,600	560,981,000	622,300	1,530,520,000	1,779,393	1,532,299,393	68,452,351	1.039	1,561,888,554
2015	21,772,400	704,045,500	29,613,400	2,830,800	224,047,500	558,454,900	622,300	1,541,386,800	1,934,189	1,543,320,989	68,713,851	1.049	1,467,820,463
2016	33,634,300	703,161,600	29,971,400	2,755,200	229,019,000	552,041,900	622,300	1,551,205,700	1,893,004	1,553,098,704	75,758,151	1.049	1,552,943,599

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 Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Cranbury	Middlesex County	
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
2014	0.981	0.058	1.039	0.460	0.406	1.905
2015	0.991	0.058	1.049	0.470	0.379	1.898
2016	1.006	0.043	1.049	0.489	0.395	1.933

Source: Municipal Tax Collector

R Revaluation

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

J-8

Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Prologis Development	\$ 192,279,300	12.38%	One Continental, LLC	\$ 37,000,000	1.99%
Cedar Brook Corporate Center	115,870,900	7.46%	258 Prospect Plains Owner Corp.	28,161,100	1.52%
Sudler Management	54,374,500	3.50%	Morris Cranbury Assoc. LTD	18,187,000	0.98%
Duke Realty	44,987,900	2.90%	Caleast Industrial Investors, LLC	18,050,700	0.97%
Prospect Plains ILP	42,333,600	2.73%	Security Capital Industrial Trust	17,067,000	0.92%
Kerzner Associates, LLC	38,088,200	2.45%	Keystone N.J. Associates	13,533,800	0.73%
RREEF America REIT Corp	34,401,900	2.22%	Teachers Insurance Annuity Assoc.	12,644,700	0.68%
Morris Cranbury Assoc. Ltd.	30,529,500	1.97%	Prologis Dev. Services	11,445,700	0.62%
Teachers Insurance Annuity Assoc.	28,389,700	1.83%	Armkel Cranbury, LLC	10,325,600	0.56%
U.S. Industrial REIT, II	27,042,900	1.74%	Keystone Cranbury West, LLC	9,092,900	0.49%
Total	\$ 608,298,400	39.17%		\$ 175,508,500	9.46%

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^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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%	-
2014	15,838,826	15,838,826	100.00%	-
2015	16,000,748	16,000,748	100.00%	-
2016	16,376,507	16,376,507	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 ^b	Per Capita ^c
	General Obligation Bonds ^a	Unfunded Pension Liability	Capital Leases	Capital Leases				
2007	\$ 8,585,468	\$ -	\$ -	\$ -		\$ 8,585,468	4.74%	2,204
2008	8,055,110	-	-	-		8,055,110	4.28%	2,063
2009	7,504,093	-	-	-		7,504,093	4.18%	1,914
2010	6,927,405	-	-	-		6,927,405	3.85%	1,795
2011	6,336,996	-	-	-		6,336,996	3.34%	1,634
2012	5,688,828	-	-	-		5,688,828	2.90%	1,456
2013	5,009,843	-	-	-		5,009,843	2.54%	1,277
2014	4,300,000	-	-	-		4,300,000	2.08%	1,089
2015	3,590,000	-	-	-		3,590,000	d	907
2016	2,845,000	-	-	-		2,845,000	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**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
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%	1,795
2011	6,336,996	-	6,336,996	0.40%	1,634
2012	5,688,828	-	5,688,828	0.37%	1,456
2013	5,009,843	-	5,009,843	0.32%	1,277
2014	4,300,000	-	4,300,000	0.28%	1,089
2015	3,590,000	-	3,590,000	0.23%	907
2016	2,845,000	-	2,845,000	0.18%	d

Sources:

- a District Records
- b Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- c Per Capita Personal Income 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, 2015**

<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	\$ 16,169,590 (1)	100.000%	\$ 16,169,590
Middlesex County General Obligation Debt	530,689,269 (1)	1.495% (2)	7,933,805
Subtotal, overlapping debt			24,103,395
Cranbury School District Direct Debt			3,245,000
Total direct and overlapping debt			\$ 27,348,395

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Township's share of the 2015 Equalized Valuation. The source for this computation was the 2015 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 2016

	Equalized valuation basis (1)
2013	\$ 1,564,599,168
2014	1,448,121,866
2015	1,541,232,677
	<u>\$ 4,553,953,711</u>
Average equalized valuation of taxable property	<u>\$ 1,517,984,570</u>
Debt limit (3% of average equalized valuation) (2)	45,539,537
Net bonded school debt (3)	<u>2,845,000</u>
Legal debt margin	<u>\$ 42,694,537</u>

Fiscal Year

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 42,328,450	\$ 49,667,564	\$ 54,254,375	\$ 54,563,287	\$ 53,429,100	\$ 51,568,549	\$ 52,641,830	\$ 47,083,121	\$ 44,963,842	\$ 45,539,537
Total net debt applicable to limit (3)	<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>	<u>4,300,000</u>	<u>3,590,000</u>	<u>2,845,000</u>
Legal debt margin	<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>	<u>\$ 42,783,121</u>	<u>\$ 41,373,842</u>	<u>\$ 42,694,537</u>
Total net debt applicable to the limit as a percentage of debt limit	20.28%	16.22%	13.83%	12.70%	11.86%	11.03%	9.52%	9.13%	7.98%	6.25%

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**

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<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2007	3,896	\$ 181,238,024	\$ 46,519	1.9%
2008	3,905	188,408,440	48,248	2.5%
2009	3,921	179,695,509	45,829	4.0%
2010	3,859	179,721,348	46,572	4.0%
2011	3,879	189,617,157	48,883	3.9%
2012	3,906	196,319,466	50,261	3.9%
2013	3,923	197,197,441	50,267	3.9%
2014	3,948	207,214,728	52,486	5.1%
2015	3,958	e	e	4.0%
2016	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	54	54	54	54	51	50	50	50	49	47
Special education	12	13	13	13	13	14	14	14	21	22
Support Services:										
Student & instruction related services	7	8	9	9	10	11	12	11	12	12
School administrative services	5	5	5	5	5	5	5	5	5	6
Plant operations and maintenance	7	7	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	3	3	3	3	3	3	3	3	4	4
Total	89	91	92	92	90	91	92	91	99	99

Source:
 District Personnel Records

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

J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	637	\$ 14,537,564	\$ 22,822	9.60%	66	1:10	638.1	615.8	6.01%	96.50%
2008	640	15,539,527	24,281	6.39%	67	1:10	636.3	615.2	-0.09%	96.70%
2009	624	16,439,800	26,346	8.51%	67	1:10	618.0	595.1	-3.27%	96.29%
2010	614	16,794,788	27,353	3.82%	67	1:10	600.3	580.2	-2.50%	96.65%
2011	609	16,105,542	26,446	-3.32%	64	1:10	601.8	582.0	0.31%	96.71%
2012	581	15,549,171	26,763	1.20%	64	1:10	579.8	562.3	-3.38%	96.98%
2013	554	15,384,358	27,770	3.76%	64	1:10	554.1	535.2	-4.82%	96.59%
2014	547	15,724,181	28,746	3.52%	64	1:10	549.7	530.9	-0.80%	96.58%
2015	513	16,527,410	32,217	12.07%	70	1:10	515.3	496.3	-6.52%	96.31%
2016	492	16,375,455	33,283	3.31%	69	1:10	492.3	475.0	-4.46%	96.49%

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**

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	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
<u>Elementary</u>										
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	637	640	624	614	609	581	554	550	515	492

Number of Schools at June 30, 2016
 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
* School Facilities											
Cranbury Public School	\$ 125,561	\$ 115,349	\$ 93,428	\$ 78,560	\$ 114,740	\$ 83,129	\$ 104,430	\$ 87,203	\$ 168,359	\$ 105,876	\$ 1,076,635
Project # (s)											
Total School Facilities	<u>\$ 125,561</u>	<u>\$ 115,349</u>	<u>\$ 93,428</u>	<u>\$ 78,560</u>	<u>\$ 114,740</u>	<u>\$ 83,129</u>	<u>\$ 104,430</u>	<u>\$ 87,203</u>	<u>\$ 168,359</u>	<u>\$ 105,876</u>	<u>\$ 1,076,635</u>

* 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, 2016**

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	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$ 250,000,000	\$ 100,000	\$ 2,500
General and automobile liability	5,000,000	100,000	
Boiler and machinery	100,000,000		2,500
Workers' compensation	Statutory	100,000	
Supplemental workers' compensation	Statutory	100,000	
Crime coverage	500,000		1,000
School Leaders professional liability	5,000,000	50,000	5,000
Excess liability	15,000,000		
Employers liability	5,000,000		
Environmental impairment liability	25,000,000		10,000
Pollution liability	25,000,000		
Student Accident Insurance (2)	5,000,000		
Surety Bonds (3)			
Treasurer	205,000		
Board Secretary	205,000		

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

Source: District records

Single Audit Section

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 Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
 of the Board of Education
 Cranbury Township School District
 County of Middlesex
 Cranbury Township, 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 *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, 2016. 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major 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 New Jersey Treasury Circular OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey Treasury Circular OMB 15-08 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 Federal and 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, 2016.

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 the New Jersey Treasury Circular OMB 15-08, 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 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.

Expenditures for federal awards were less than the single audit dollar threshold required by the Uniform Guidance and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required the Office of School Finance, Department of Education, State of New Jersey and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

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 New Jersey Treasury Circular OMB 15-08. Accordingly, this report is not suitable for any other purpose.

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

I have audited 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 fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I issued my report thereon dated September 15, 2016, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Treasury Circular OMB 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended for the information of the Board of Education and the New Jersey Department of Education.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 15, 2016

CRANBURY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2015			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2016					
						(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor			
U.S. Department of Education																		
Passed-through State Department of Education:																		
Special Revenue Fund:																		
Title I:																		
Fiscal Year 2016	84.010	S010A150030	NCLB097016	\$ 31,311	7/1/15 - 6/30/16	\$ -	\$ -	\$ -	\$ -	\$ 21,855	\$ (31,311)	\$ -	\$ (9,456)	\$ -	\$ -			
Title I School Rewards:																		
Fiscal Year 2016	84.010	S010A150030	NCLB097016	50,000	7/1/15 - 6/30/16					10,000	(10,000)							
Title II A:																		
Fiscal Year 2016	84.367	S367A150029	NCLB097016	13,544	7/1/15 - 6/30/16					13,544	(13,544)							
Fiscal Year 2015	84.367	S367A150029	NCLB097015	14,574	7/1/14 - 6/30/15	(6,293)				6,293								
I.D.E.A. Part B - Basic:																		
Fiscal Year 2016	84.027	H027A150100	IDEA097016	123,990	7/1/15 - 6/30/16					103,608	(123,990)		(20,382)					
I.D.E.A. Part B - Preschool:																		
Fiscal Year 2016	84.173	H173A150114	IDEA097016	5,488	7/1/15 - 6/30/16					4,392	(5,488)		(1,096)					
Total U.S. Department of Education						(6,293)				159,692	(184,333)		(30,934)					
U.S. Department of Agriculture																		
Passed-through State Department of Education:																		
Enterprise Fund:																		
Food Distribution Program:																		
Fiscal Year 2016	10.565	16161NJ304N1099	N/A	6,144	7/1/15 - 6/30/16					6,144	(6,144)							
National School Lunch Program																		
Fiscal Year 2016	10.555	16161NJ304N1099	N/A	18,289	7/1/15 - 6/30/16					18,827	(18,289)		(1,462)					
Fiscal Year 2015	10.555	16161NJ304N1099	N/A	13,902	7/1/14 - 6/30/15	(2,781)				2,781								
Total U.S. Department of Agriculture						(2,781)				25,752	(24,433)		(1,462)					
Total Federal Awards						\$ (9,074)	\$ -	\$ -	\$ -	\$ 185,444	\$ (208,766)	\$ -	\$ (32,396)	\$ -	\$ -			

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, 2016

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2015			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2016		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
General Fund:													
Special Education Categorical Aid	16-495-034-5120-089	\$ 380,947	7/1/15- 6/30/16	\$ -	\$ -	\$ -	\$ -	\$ 344,427	\$ (380,947)	\$ -	\$ (36,520)	\$ -	\$ -
Special Education Categorical Aid	15-495-034-5120-089	380,947	7/1/14- 6/30/15	(35,783)	-	-	-	35,783	-	-	-	-	-
Transportation Aid	16-495-034-5120-014	58,143	7/1/15- 6/30/16	-	-	-	-	52,569	(58,143)	-	(5,574)	-	-
Transportation Aid	15-495-034-5120-014	58,143	7/1/14- 6/30/15	(5,461)	-	-	-	5,461	-	-	-	-	-
Security Aid	16-495-034-5120-084	12,113	7/1/15- 6/30/16	-	-	-	-	10,952	(12,113)	-	(1,161)	-	-
Security Aid	15-495-034-5120-084	12,113	7/1/14- 6/30/15	(1,138)	-	-	-	1,138	-	-	-	-	-
PARCC Readiness Aid	16-495-034-5120-098	7,650	7/1/15- 6/30/16	-	-	-	-	6,917	(7,650)	-	(733)	-	-
PARCC Readiness Aid	15-495-034-5120-098	7,650	7/1/14- 6/30/15	(719)	-	-	-	719	-	-	-	-	-
Per Pupil Growth Aid	16-495-034-5120-097	7,650	7/1/15- 6/30/16	-	-	-	-	6,917	(7,650)	-	(733)	-	-
Per Pupil Growth Aid	15-495-034-5120-097	7,650	7/1/14- 6/30/15	(719)	-	-	-	719	-	-	-	-	-
Extraordinary Special Education Costs	16-495-034-5120-044	32,132	7/1/15- 6/30/16	-	-	-	-	35,438	(32,132)	-	(3,306)	-	-
Extraordinary Special Education Costs	15-495-034-5120-044	35,438	7/1/14- 6/30/15	(35,438)	-	-	-	-	-	-	-	-	-
Nonpublic Transportation Aid	16-495-034-5120-014	6,612	7/1/15- 6/30/16	-	-	-	-	8,526	(6,612)	-	(1,914)	-	-
Nonpublic Transportation Aid	15-495-034-5120-014	8,526	7/1/14- 6/30/15	(8,526)	-	-	-	-	-	-	-	-	-
On-behalf TPAF Post Retirement Medical	16-495-034-5094-001	412,483	7/1/15- 6/30/16	-	-	-	-	412,483	(412,483)	-	-	-	-
On-behalf TPAF Pension Contribution	16-495-034-5094-002	346,413	7/1/15- 6/30/16	-	-	-	-	346,413	(346,413)	-	-	-	-
Reimbursed TPAF Social Security Cont'r	16-495-034-5094-003	324,236	7/1/15- 6/30/16	-	-	-	-	308,547	(324,236)	-	(15,689)	-	-
Reimbursed TPAF Social Security Cont'r	15-495-034-5094-003	336,520	7/1/14- 6/30/15	(16,525)	-	-	-	16,525	-	-	-	-	-
Total General Fund				(104,309)	-	-	-	1,593,534	(1,588,379)	-	(99,154)	-	-
Special Revenue Fund:													
Nonpublic Textbook Aid	16-100-034-5120-064	914	7/1/15- 6/30/16	-	-	-	-	914	(894)	-	-	-	20
Nonpublic Textbook Aid	15-100-034-5120-064	715	7/1/14- 6/30/15	-	-	10	-	-	-	(10)	-	-	-
Nonpublic Technology Aid	16-100-034-5120-373	416	7/1/15- 6/30/16	-	-	-	-	416	(340)	-	-	-	76
Nonpublic Technology Aid	15-100-034-5120-373	384	7/1/14- 6/30/15	-	-	33	-	-	-	(33)	-	-	-
Nonpublic Security Aid	16-100-034-5120-509	400	7/1/15- 6/30/16	-	-	-	-	400	(337)	-	-	-	63
Nonpublic Nursing Aid	16-100-034-5120-070	1,440	7/1/15- 6/30/16	-	-	-	-	1,440	(1,435)	-	-	-	5
Nonpublic Nursing Aid	15-100-034-5120-070	1,138	7/1/14- 6/30/15	-	-	8	-	-	-	(8)	-	-	-
Total Special Revenue Fund				-	-	51	-	3,170	(3,006)	(51)	-	-	164
Total Department of Education				(104,309)	-	51	-	1,596,704	(1,591,385)	(51)	(99,154)	-	164
New Jersey School Development Authority													
Capital Projects Fund													
Mechanical Upgrades	0970-030-10-2002	401,432	8/30/10- 6/30/11	(401,432)	-	-	-	401,432	-	-	-	-	-
Windows and Exterior Doors	0970-030-10-2004	504,448	7/01/11- 6/30/12	(504,448)	-	-	174,355	330,093	-	-	-	-	-
Casework and Electrical Upgrades	0970-030-10-2003	65,460	8/30/10- 6/30/13	(65,460)	-	-	-	65,460	-	-	-	-	-
Site Improvements	0970-030-10-2001	247,108	3/1/13- 6/30/13	(247,108)	-	-	-	172,033	75,075	-	-	-	-
Boiler Replacement	0970-030-14-1001	139,392	7/01/13- 6/30/14	(139,392)	-	-	-	69,477	69,915	-	-	-	-
Communications and Safety	0970-030-14-1002	441,446	7/01/14- 6/30/15	(441,446)	-	-	-	-	-	-	(441,446)	-	-
Mechanical Upgrades	0970-030-14-1003	487,587	7/01/15- 6/30/16	-	-	-	-	-	(487,587)	-	(487,587)	-	-
Roof Replacement	0970-030-14-1004	302,566	7/01/15- 6/30/16	-	-	-	-	284,951	(284,951)	-	-	-	-
				\$ (1,799,286)	\$ -	\$ -	174,355	1,323,446	(627,548)	-	(929,033)	-	-
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2016	16-100-010-3350-023	1,019	7/1/15- 6/30/16	-	-	-	-	938	(1,019)	-	(81)	-	-
Fiscal Year 2015	15-100-010-3350-023	985	7/1/14- 6/30/15	(201)	-	-	-	201	-	-	-	-	-
Total Department of Agriculture				(201)	-	-	-	1,139	(1,019)	-	(81)	-	-
Total State Financial Assistance				\$ (1,903,796)	\$ -	\$ 51	\$ 174,355	\$ 2,921,289	\$ (2,219,952)	\$ (51)	\$ (1,028,288)	\$ -	\$ 164
Less: State Financial Expenditures Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)									(346,413)				
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)									(412,483)				
Total State Financial Expenditures Subject to Major Program Determination									\$ (1,461,058)				

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, 2016**

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 using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 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 (\$901) 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	\$ -	\$ 1,587,478	\$ 1,587,478
Special Revenue	184,333	3,006	187,339
Capital Projects		627,548	627,548
Food Service	<u>24,433</u>	<u>1,019</u>	<u>25,452</u>
Total	<u>\$ 208,766</u>	<u>\$ 2,219,051</u>	<u>\$ 2,427,817</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, 2016
(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, 2016. 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, 2016.

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:

	<u>Federal</u>
Cancelation of accounts receivable	\$ 174,355
	<hr/>
Total	<u>\$ 174,355</u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 1 -- Summary of Auditor's Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

 Material weaknesses identified? yes X no

 Significant deficiencies identified that are
 not considered to be a material weakness? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with N.J. OMB Circular 15-08? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5094-003	TPAF Reimbursed Social Security
0970-030-14-1003	School Development Authority Grant
0970-030-14-1004	School Development Authority Grant
16-100-010-3350-023	National School Lunch Program (State Share)

**CRANBURY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.

No findings identified.

**CRANBURY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

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 FINDINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB's Circular 04/04 and/or 15-08, as applicable.

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.

**CRANBURY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR FINDINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB's Circular 04/04 and/or 15-08, as applicable.

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.