

**SCHOOL DISTRICT  
OF**

# **CRANBURY**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual  
Financial Report**

**of the**

**Cranbury Township Board of Education**

**Cranbury, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

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

# CRANBURY TOWNSHIP SCHOOL DISTRICT

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## **Introductory Section**



November 21, 2019

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, 2019, 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 Title 2 U.S. Code of federal regulations, cost principals, and audit requirements for federal awards (uniform guidance): and the State of New Jersey Circular OMB15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

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 2018-2019 fiscal year with a total enrollment of 749 students. In prior years, student enrollment at the Cranbury School has been decreasing slightly. During the 2018-2019 school year, student enrollment at the Cranbury School increased slightly

while enrollment at the high school level decreased slightly. A recent demographic study predicts enrollment across all grade levels to decrease through 2020. The following data illustrates the changes in student enrollment of the district over the past ten years.

### **STUDENT ENROLLMENT**

<b><u>Fiscal Year</u></b>	<b><u>PK-8 Enrollment</u></b>	<b><u>Percent Change</u></b>	<b><u>High School Enrollment</u></b>	<b><u>Percent Change</u></b>	<b><u>Total Enrollment</u></b>
2008-2009	624	-2.35%	269	7.39%	893
2009-2010	614	-1.60%	269	0.00%	883
2010-2011	609	-0.81%	270	0.37%	879
2011-2012	581	-4.60%	266	-1.48%	847
2012-2013	557	-4.13%	256	-3.76%	813
2013-2014	556	-0.18%	254	-0.78%	810
2014-2015	518	-6.83%	246	-3.15%	764
2015-2016	494	-4.63%	273	10.98%	767
2016-2017	468	-5.26%	277	1.47%	745
2017-2018	477	1.92%	276	-0.36%	753
2018-2019	479	0.42%	270	-2.17%	749

#### **2. ECONOMIC CONDITION AND OUTLOOK:**

During the 2018-2019 school year, the Cranbury Township School District received \$581,747 in State Aid, which is 3% 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 an 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, self awareness management education (grades K-5), 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 2019-2020 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 2019-2020 school year, the District will continue to execute action plans for various goals of the Strategic Plan.

**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, 2019.

**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, performs the annual statutory audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance): and State of New Jersey Circular OMB15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is in the financial section of this report. The auditor's report related specifically to the single audit is 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:

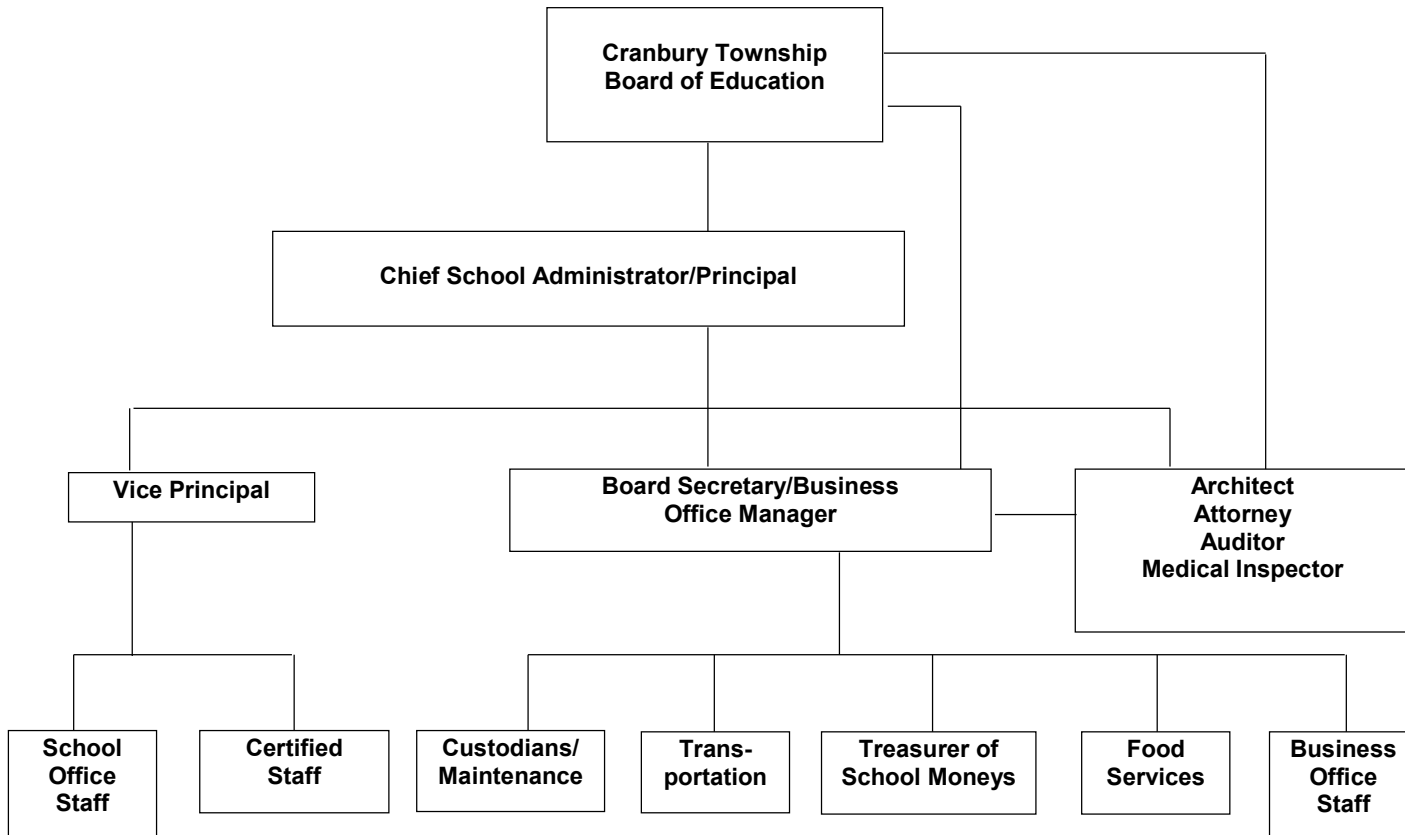


Nicole Petrone, CPA  
Board Secretary/Business Administrator



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, 2019**

**Members of the Board of Education:**

**Term Expires**

Karen Callahan, President	2021
Pramod Chivate, Vice President	2019
Amy Dixon	2020
Dominique Jones	2021
Peter Katz	2021
Lindsay McDowell	2019
Linda Penney	2019
Lisa Rue	2020
Evelyn Spann	2020

**Other Officials:**

Susan L. Genco, Ed. D. Chief School Administrator/Principal  
Nicole Petrone, Business Administrator/Board Secretary  
Nicholas Puleio, Interim Business Administrator/Board Secretary (3/25/19-7/15-19)  
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**

USA Architect  
20 N. Doughty Avenue  
Somerville, NJ 08876

**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  
Fax (856) 983-6674  
E-Mail: rinverso@iscpasnj.com

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

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cranbury Township School District, in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2019, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, schedule of the State's proportionate share of the net OPEB liability associated with the School District and changes in the total OPEB liability and related ratios 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 introductory section, combining statements and related major fund supporting statements and schedules, and statistical section, are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedule of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, is also presented for purposes of additional analysis and is not a required part of the 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 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents 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 November 21, 2019 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, 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 No. CS001095

Marlton, New Jersey  
November 21, 2019

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

651 Route 73 North, Suite 402  
 Marlton, New Jersey 08053  
 (856) 983-2244  
 Fax (856) 983-6674  
 E-Mail: rinverso@iscpasnj.com

-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, the standards applicable to financial statement 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 fiscal year ended June 30, 2019, 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 November 21, 2019.

***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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 from 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, and federal and state awarding agencies and pass-through entities, 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 No. CS001095

Marlton, New Jersey  
November 21, 2019

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, 2019**

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, 2019. 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 \$10,257,810 (*net position*).
- Governmental activities have a deficit unrestricted net position of \$2,959,577. 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 decreased by \$715,022 or a 6.52% 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 decreased by \$874,502 resulting in an ending fund balance of \$4,686,390. This decrease was mainly the result of operations in the General Fund.
- Business-type activities have unrestricted net position of \$150, 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 \$848,870 which is the direct result of current year payments on existing debt obligations, the increase in compensated absences payable, and the decrease in net pension liability.

**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 provide 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 2020. 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 2019.

The assets of the primary government activities exceeded liabilities by \$10,253,635 with a deficit unrestricted net position balance of \$2,959,577. 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 \$8,923,364, in land, improvements, buildings and equipment which provide the services to the School District's public school students, represents 87.03% of the School District's net position. Net position of \$4,289,848 has been restricted as follows:

Restricted for Future Capital Projects	\$ 2,586,953
Restricted for Future Tuition Costs	850,000
Restricted for Future Maintenance Costs	657,537
Restricted for Encumbrances	<u>195,358</u>
	<u>\$ 4,289,848</u>

**Comparative Summary of Net Position  
As of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		District-Wide	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current assets	\$ 4,721,659	\$ 5,638,312	\$ 14,935	\$ 16,917	\$ 4,736,594	\$ 5,655,229
Capital assets	<u>10,643,364</u>	<u>10,776,308</u>	<u>4,025</u>	<u>4,170</u>	<u>10,647,389</u>	<u>10,780,478</u>
Total assets	<u>15,365,023</u>	<u>16,414,620</u>	<u>18,960</u>	<u>21,087</u>	<u>15,383,983</u>	<u>16,435,707</u>
Deferred Outflows of Resources	<u>1,076,424</u>	<u>1,416,901</u>			<u>1,076,424</u>	<u>1,416,901</u>
<b>LIABILITIES</b>						
Current liabilities	597,700	663,870	14,785	13,910	612,485	677,780
Noncurrent liabilities	<u>4,505,766</u>	<u>5,366,956</u>			<u>4,505,766</u>	<u>5,366,956</u>
Total Liabilities	<u>5,103,466</u>	<u>6,030,826</u>	<u>14,785</u>	<u>13,910</u>	<u>5,118,251</u>	<u>6,044,736</u>
Deferred Inflows of Resources	<u>1,084,346</u>	<u>835,040</u>			<u>1,084,346</u>	<u>835,040</u>
Net Position	<u>\$ 10,253,635</u>	<u>\$ 10,965,655</u>	<u>\$ 4,175</u>	<u>\$ 7,177</u>	<u>\$ 10,257,810</u>	<u>\$ 10,972,832</u>
Net Position Consists of:						
Net investment in Capital Assets	8,923,364	8,661,308	4,025	4,170	8,927,389	8,665,478
Restricted Assets	4,289,848	5,236,806			4,289,848	5,236,806
Unrestricted Assets	<u>(2,959,577)</u>	<u>(2,932,459)</u>	<u>150</u>	<u>3,007</u>	<u>(2,959,427)</u>	<u>(2,929,452)</u>
Net Position	<u>\$ 10,253,635</u>	<u>\$ 10,965,655</u>	<u>\$ 4,175</u>	<u>\$ 7,177</u>	<u>\$ 10,257,810</u>	<u>\$ 10,972,832</u>

**Cranbury School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		District-Wide	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 129,485	\$ 152,721	\$ 129,485	\$ 152,721
Operating Grants and contributions	4,615,413	5,309,935	24,369	26,675	4,639,782	5,336,610
Capital Grants and contributions					-	
Property taxes	17,318,683	16,724,237			17,318,683	16,724,237
State aid - unrestricted	728,279	552,753			728,279	552,753
Other revenues	168,544	151,148	236	145	168,780	151,293
<b>Total Revenues</b>	<b>22,830,919</b>	<b>22,738,073</b>	<b>154,090</b>	<b>179,541</b>	<b>22,985,009</b>	<b>22,917,614</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	5,618,874	5,614,471			5,618,874	5,614,471
Tuition	5,566,450	5,131,722			5,566,450	5,131,722
Related Services	1,395,969	1,210,523			1,395,969	1,210,523
Administrative Services	987,144	901,209			987,144	901,209
Operations and Maintenance	2,079,332	1,106,820			2,079,332	1,106,820
Transportation	996,729	655,612			996,729	655,612
Employee benefits	6,701,736	7,349,139			6,701,736	7,349,139
Interest on debt	69,458	81,075			69,458	81,075
Other	119,747	119,391			119,747	119,391
<b>Business-Type Activities:</b>						
Food Service			164,592	183,868	164,592	183,868
<b>Total Expenses</b>	<b>23,535,439</b>	<b>22,169,962</b>	<b>164,592</b>	<b>183,868</b>	<b>23,700,031</b>	<b>22,353,830</b>
Increase (Decrease) in Net Position before transfers	(704,520)	568,111	(10,502)	(4,327)	(715,022)	563,784
Adjustment to fixed assets					-	-
Transfers	(7,500)	(4,000)	7,500	4,000		
<b>Change in Net Position</b>	<b>(712,020)</b>	<b>564,111</b>	<b>(3,002)</b>	<b>(327)</b>	<b>(715,022)</b>	<b>563,784</b>
Net Position, July 1	10,965,655	10,401,544	7,177	7,504	10,972,832	10,409,048
<b>Net Position, June 30</b>	<b>\$ 10,253,635</b>	<b>\$ 10,965,655</b>	<b>\$ 4,175</b>	<b>\$ 7,177</b>	<b>\$ 10,257,810</b>	<b>\$ 10,972,832</b>

**Governmental Activities**

Governmental activities decreased the net position of the School District by \$712,020 during the current fiscal year, thereby accounting for most of the total loss in the net position of the School District. Key elements of the decrease in net position for governmental activities are as follows:

- A reduction in long term debt obligations in the amount of \$395,000.
- Results of operations of the governmental funds (\$874,502).

## **Business-type Activities**

Business-type activities decreased the School District's net position by \$3,002. 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 \$4,686,390, a decrease of \$874,502 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 \$396,542 and the Capital Projects unassigned fund balance of \$132,096. 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 \$2,454,857, 2) reserved for encumbrances \$195,358, reserved for future maintenance costs \$657,537, and reserved for future tuition payments \$850,000.

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

## **General Fund Budgetary Highlights**

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$450,344, while total fund balance (budgetary basis) was \$4,608,096. 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 \$20,226,817. Unassigned fund balance (budgetary basis) represents 2.23% of expenditures while total fund balance (budgetary basis) represents 22.78% of that same amount.

### Capital Assets and Debt Administration

The School District’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$10,647,389 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District’s investment in capital assets for the current fiscal year was \$133,089, or 1.23%. The decrease is due to the purchase of site and building improvements as well as current year depreciation expense.

#### Capital Assets (net of accumulated depreciation) June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		District-Wide	
	2019	2018	2019	2018	2019	2018
Land	\$ 451,596	\$ 451,596	\$ -	\$ -	\$ 451,596	\$ 451,596
Const. in Progress					-	-
Site Improvements	851,436	511,249			851,436	511,249
Building and Building Improvements	9,136,763	9,606,495			9,136,763	9,606,495
Equipment	203,569	206,968	4,025	4,170	207,594	211,138
Capital Assets, net	<u>\$ 10,643,364</u>	<u>\$ 10,776,308</u>	<u>\$ 4,025</u>	<u>\$ 4,170</u>	<u>\$ 10,647,389</u>	<u>\$ 10,780,478</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, 2019, the School District had total bonded debt outstanding of \$1,720,000 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 \$194,678 in compensated absences payable as of June 30, 2019.

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 2019-20 fiscal year:

- The 2019-20 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 2019-20 fiscal year, Cranbury Township Board of Education received \$633,272 in State Aid, which represents only 3.2% of the total budget. The 2019-20 General Fund budget increased by \$1,325,786 or a 7.21% increase. Due to an increase in net valuation taxable, the 2019 tax rate decreased .067 from the previous year.
- 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, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,361,936	\$ 12,334	\$ 1,374,270
Receivables, net	247,329	1,412	248,741
Inventory		1,189	1,189
Restricted Assets:			
Cash and Cash Equivalents	3,112,394		3,112,394
Capital Assets, net (Note 5)	10,643,364	4,025	10,647,389
<b>Total Assets</b>	<b>15,365,023</b>	<b>18,960</b>	<b>15,383,983</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	1,076,424		1,076,424
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>16,441,447</b>	<b>18,960</b>	<b>16,460,407</b>
<b>LIABILITIES:</b>			
Accounts Payable			
Related to Pension	123,578		123,578
Other	10,967	17,672	28,639
Internal Balances	11,500	(11,500)	
Intergovernmental Payables	995		995
Accrued Interest Payable	31,533		31,533
Unearned Revenue	11,807	8,613	20,420
Noncurrent Liabilities:			
Due within one year	407,320		407,320
Due beyond one year	4,505,766		4,505,766
<b>Total Liabilities</b>	<b>5,103,466</b>	<b>14,785</b>	<b>5,118,251</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of resources from pensions	1,084,346		1,084,346
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,187,812</b>	<b>14,785</b>	<b>6,202,597</b>
<b>NET POSITION:</b>			
Net investment in Capital Assets	8,923,364	4,025	8,927,389
Restricted for:			
Capital projects	2,586,953		2,586,953
Other purposes	1,702,895		1,702,895
Unrestricted	(2,959,577)	150	(2,959,427)
<b>Total Net Position</b>	<b>\$ 10,253,635</b>	<b>\$ 4,175</b>	<b>\$ 10,257,810</b>

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, 2019**

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	\$ 4,278,202	\$ -	\$ 33,145	\$ -	\$ (4,245,057)	\$ -	\$ (4,245,057)
Special Education	1,051,182		117,661		(933,521)		(933,521)
Other instruction	289,490				(289,490)		(289,490)
Support Services:							
Tuition	5,566,450				(5,566,450)		(5,566,450)
Student & instruction related services	1,395,969		16,643		(1,379,326)		(1,379,326)
General administrative services	451,682				(451,682)		(451,682)
School administrative services	246,213				(246,213)		(246,213)
Central administrative services	289,249				(289,249)		(289,249)
Plant operations and maintenance	2,079,332				(2,079,332)		(2,079,332)
Pupil transportation	996,729				(996,729)		(996,729)
Employee benefits	6,701,736		4,447,964		(2,253,772)		(2,253,772)
Special Schools	5,168				(5,168)		(5,168)
Interest on long-term debt	69,458				(69,458)		(69,458)
Unallocated depreciation and amortization	114,579				(114,579)		(114,579)
Total Governmental Activities	<u>23,535,439</u>	<u>-</u>	<u>4,615,413</u>	<u>-</u>	<u>(18,920,026)</u>	<u>-</u>	<u>(18,920,026)</u>
Business-Type Activities:							
Food service	164,592	129,485	24,369			(10,738)	(10,738)
Total Business-Type Activities	<u>164,592</u>	<u>129,485</u>	<u>24,369</u>	<u>-</u>	<u>-</u>	<u>(10,738)</u>	<u>(10,738)</u>
Total Primary Government	<u>\$ 23,700,031</u>	<u>\$ 129,485</u>	<u>\$ 4,639,782</u>	<u>\$ -</u>	<u>(18,920,026)</u>	<u>(10,738)</u>	<u>(18,930,764)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					16,846,983		16,846,983
Taxes levied for debt service					471,700		471,700
Federal and State aid not restricted					728,279		728,279
Investment Earnings					30,757	236	30,993
Miscellaneous Income					137,787		137,787
Transfer					(7,500)	7,500	
Total general revenues, special items, extraordinary items and transfers					<u>18,208,006</u>	<u>7,736</u>	<u>18,215,742</u>
Change in Net Position					<u>(712,020)</u>	<u>(3,002)</u>	<u>(715,022)</u>
Net Position - July 1, 2018					<u>10,965,655</u>	<u>7,177</u>	<u>10,972,832</u>
Net Position - June 30, 2019					<u>\$ 10,253,635</u>	<u>\$ 4,175</u>	<u>\$ 10,257,810</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, 2019**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,224,404	\$ -	\$ 137,532	\$ -	\$ 1,361,936
Interfund receivable	145,475				145,475
Receivables, net					
State	96,231		115,256		211,487
Federal		35,842			35,842
Other					
Restricted assets:					
Cash and cash equivalents	<u>3,112,394</u>				<u>3,112,394</u>
<b>Total Assets</b>	<u><b>\$ 4,578,504</b></u>	<u><b>\$ 35,842</b></u>	<u><b>\$ 252,788</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,867,134</b></u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable		\$ 10,047	\$ -	\$ -	\$ 10,047
Intergovernmental payable:					
State		995			995
Interfund payable	12,420	24,783	120,692		157,895
Unearned revenues	<u>11,790</u>	<u>17</u>			<u>11,807</u>
<b>Total Liabilities</b>	<u>24,210</u>	<u>35,842</u>	<u>120,692</u>		<u>180,744</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital reserve	2,454,857				2,454,857
Tuition reserve	850,000				850,000
Maintenance reserve	657,537				657,537
<b>Assigned to:</b>					
Year-end encumbrances	195,358				195,358
Unassigned	<u>396,542</u>		<u>132,096</u>		<u>528,638</u>
<b>Total Fund Balances</b>	<u>4,554,294</u>		<u>132,096</u>		<u>4,686,390</u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 4,578,504</b></u>	<u><b>\$ 35,842</b></u>	<u><b>\$ 252,788</b></u>	<u><b>\$ -</b></u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,702,007 and the accumulated depreciation is \$10,058,643.	10,643,364
Accrued interest on debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(31,533)
Accounts payable related to the April 1, 2020 required PERS contribution that is not to be liquidated with current financial resources.	(123,578)
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	\$ 1,076,424
Net Pension Liability	(2,998,408)
Deferred Inflows of resources from Pensions	<u>(1,084,346)</u>
	<u>(3,006,330)</u>
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	\$ (1,720,000)
Compensated Absences Payable	<u>(194,678)</u>
	<u>(1,914,678)</u>
<b>Net position of governmental activities</b>	<u><b>\$ 10,253,635</b></u>

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, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 16,846,983			\$ 471,700	\$ 17,318,683
Tuition	8,000				8,000
Interest earned on capital reserve	23,207				23,207
Interest earned on maintenance reserve	7,550				7,550
Miscellaneous	129,787	2,984			132,771
Total local sources	17,015,527	2,984		471,700	17,490,211
State sources	2,336,788				2,336,788
Federal sources		164,465			164,465
Total Revenues	19,352,315	167,449		471,700	19,991,464
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	3,816,207	33,145			3,849,352
Special education instruction	933,521	117,661			1,051,182
Other instruction	289,490				289,490
Support services and undistributed costs:					
Tuition	5,566,450				5,566,450
Student & instruction related services	1,379,326	16,643			1,395,969
General administrative services	423,037				423,037
School administrative services	246,213				246,213
Central administrative services	260,604				260,604
Plant operations and maintenance	1,085,676				1,085,676
Pupil transportation	987,424				987,424
Employee benefits	3,783,288				3,783,288
Capital outlay	1,442,913				1,442,913
Special Schools	5,168				5,168
Debt service:					
Principal				395,000	395,000
Interest and other charges				76,700	76,700
Total Expenditures	20,219,317	167,449		471,700	20,858,466
Excess (Deficiency) of Revenues over (under) Expenditures	(867,002)				(867,002)
<b>Other Financing Sources (Uses):</b>					
Transfers in					
Transfers out	(7,500)				(7,500)
Total Other Financing Sources (Uses)	(7,500)				(7,500)
Net Change in Fund Balances	(874,502)				(874,502)
Fund Balances - July 1, 2018	5,428,796		132,096		5,560,892
Fund Balances - June 30, 2019	\$ 4,554,294	\$ -	\$ 132,096	\$ -	\$ 4,686,390

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, 2019**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (874,502)

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

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

Depreciation expense	\$ (582,201)	
Capital outlay additions	<u>449,257</u>	(132,944)

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. 395,000

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. 7,242

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. (78,993)

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 (+) (27,823)

Change in net position of Governmental Activities \$ (712,020)

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, 2019**

	<b>Business-Type Activities Enterprise Funds</b>
	<b>Food Service Fund</b>
<b>ASSETS:</b>	
Current Assets:	
Cash and cash equivalents	\$ 12,334
Intergovernmental receivables:	
State	78
Federal	1,271
Other	63
Interfund	11,500
Inventories	1,189
Total current assets	26,435
Noncurrent assets:	
Machinery and equipment (net of accumulated depreciation)	4,025
Total noncurrent assets	4,025
Total Assets	30,460
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	17,672
Unearned revenue	8,613
Total current liabilities	26,285
<b>NET POSITION:</b>	
Net investment in capital assets	4,025
Unrestricted	150
Total Net Position	\$ 4,175

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, 2019**

	<u><b>Business-Type Activities Enterprise Funds</b></u>
	<u><b>Food Service Fund</b></u>
<b>Operating Revenues:</b>	
Charges for Services:	
Daily sales:	
Reimbursable programs	\$ 57,918
Non-reimbursable programs	70,178
Special functions	1,389
	129,485
<b>Operating Expenses:</b>	
Salaries	52,145
Employee benefits	10,570
Management fee	8,645
Supplies and materials	10,304
Administration and supervision	9,030
Other costs	13,009
Miscellaneous	3,805
Depreciation	145
Cost of sales - reimbursable programs	29,507
Cost of sales - nonreimbursable programs	27,432
	164,592
Total Operating Expenses	164,592
Operating Income (Loss)	(35,107)
<b>Non-Operating Revenues:</b>	
State sources:	
State school lunch program	1,116
Federal sources:	
Food distribution program	17,945
National school lunch program	5,308
Local sources:	
Board Contribution	7,500
Interest earned	236
	32,105
Total Non-Operating Revenues	32,105
Changes in Net Position	(3,002)
Net Position - July 1, 2018	7,177
Net Position - June 30, 2019	\$ 4,175

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, 2019**

	<b>Business-Type Activities Enterprise Funds</b>
	<b>Food Service Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash receipts from customers	\$ 131,278
Cash payments to employees for services	(55,072)
Cash payments to suppliers for goods and services	(94,614)
Net Cash Provided by (used for) Operating Activities	(18,408)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received from state sources	1,143
Cash received from federal sources	18,236
Miscellaneous	19,379
Net Cash Provided by (used for) Noncapital Financing Activities	19,379
<b>Cash Flow Provided by Investing Activities:</b>	
Interest on Cash Equivalents	236
Net Increase (Decrease) in Cash and Cash Equivalents	1,207
Cash and Cash Equivalents - July 1, 2018	11,127
Cash and Cash Equivalents - June 30, 2019	\$ 12,334
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>	
Operating Income (Loss)	\$ (35,107)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (used for)	
Operating Activities:	
Depreciation	145
Federal Commodities	5,308
Operating Transfer In	7,500
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	514
(Increase) Decrease in Inventories	2,357
(Increase) Decrease in Interfund Receivable	(7,500)
Increase (Decrease) in Unearned Revenue	1,217
Increase (Decrease) in Accounts Payables	7,158
Net Cash Provided by (used for) Operating Activities	\$ (18,408)

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, 2019**

	Trust Funds		
	Unemployment Compensation Insurance	Private Purpose Scholarship Fund	Agency Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 53,538	\$ 4,304	\$ 27,847
Interfund receivable			920
Total Assets	53,538	4,304	28,767
 <b>LIABILITIES:</b>			
Accounts payable	64	-	-
Payroll deductions and withholdings	-	-	2,329
Due to student groups	-	-	26,438
Total Liabilities	64	-	\$ 28,767
 <b>NET POSITION:</b>			
Held in trust for unemployment claims and other purposes	\$ 53,474		
Reserved for scholarships		\$ 4,304	

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, 2019**

	<u>Unemployment Compensation Insurance</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS:</b>		
Contributions:		
Employee withholdings	\$ 10,415	\$ -
Total Contributions	10,415	-
Investment earnings:		
Interest	202	56
Total Additions	<u>10,617</u>	<u>56</u>
<b>DEDUCTIONS:</b>		
Unemployment claims	10,843	-
Scholarships awarded	-	250
Total Deductions	<u>10,843</u>	<u>250</u>
Change in Net Position	(226)	(194)
Net Position - July 1, 2018	<u>53,700</u>	<u>4,498</u>
Net Position - June 30, 2019	<u>\$ 53,474</u>	<u>\$ 4,304</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, 2019**

**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, 2019 of 472 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. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

**Basis of Presentation (Continued)**

**Government-wide Statements (Continued)** - Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

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

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

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

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

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

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

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

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

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

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

The School District’s enterprise funds are:

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

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

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

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

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

**Measurement Focus**

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

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



**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

**Basis of Accounting**

**Fund Financial Statements (Continued)** – 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.

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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

**Budgets/Budgetary Control (Continued)** - 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.

**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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

**Cash, Cash Equivalents and Investments (Continued)** - 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, 2019 and 2018 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, 2019.

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.

**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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

**Capital Assets (Continued)** - 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.

**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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

**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, 2019.

**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.

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.

**Cranbury Township School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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

**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 January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The adoption of this Statement will not have any effect on the District's financial reporting.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The adoption of this Statement may have an effect on the District's financial reporting.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The adoption of this Statement will not have any effect on the District's financial reporting.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. This Statement is designed to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The adoption of this Statement will not have any effect on the District's financial reporting.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation: establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The adoption of this Statement will not have any effect on the District's financial reporting.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**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 \$5,449,224, as of June 30, 2019, \$250,000 was insured under FDIC and the remaining balance of \$5,199,224 was collateralized under GUDPA.

**3. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Balance July 1, 2018		\$	3,534,439
Increased by:			
Interest Earned	\$		23,207
Unspent Appropriations			12,803
Board Resolution			415,623
			451,633
			3,986,072
Decreased by:			
Budget Withdrawal			1,531,215
Balance June 30, 2019		\$	2,454,857

The June 30, 2019 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**4. ACCOUNTS RECEIVABLES**

Accounts receivables at June 30, 2019 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, 2019 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	\$ 96,231	\$ -	\$ 115,256	\$ 78	\$ 211,565
Federal		35,842		1,271	37,113
Other				63	63
<b>Total</b>	<b>\$ 96,231</b>	<b>\$ 35,842</b>	<b>\$ 115,256</b>	<b>\$ 1,412</b>	<b>\$ 248,741</b>

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions/ Adjustments</b>	<b>Balance June 30, 2019</b>
<b>Governmental Activities:</b>				
<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>				
Site Improvements	973,303	388,611		1,361,914
Building and Improvements	17,277,837	46,000		17,323,837
Equipment	1,550,014	14,646		1,564,660
Total capital assets being depreciated	19,801,154	449,257		20,250,411
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(462,054)	(48,424)		(510,478)
Building and Improvements	(7,671,342)	(515,732)		(8,187,074)
Equipment	(1,343,046)	(18,045)		(1,361,091)
Total accumulated depreciation	(9,476,442)	(582,201)		(10,058,643)
Total capital assets being depreciated, net	10,324,712	(132,944)		10,191,768
Governmental Activities Capital Assets, Net	\$ 10,776,308	\$ (132,944)	\$ -	\$ 10,643,364
<b>Business-Type Activities:</b>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 80,522	\$ -	\$ -	\$ 80,522
Less accumulated depreciation	(76,352)	(145)		(76,497)
Total Capital Assets, being depreciated, net	4,170	(145)		4,025
Business-Type Activities Capital Assets, Net	\$ 4,170	\$ (145)	\$ -	\$ 4,025



**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$582,201 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 401,027
Transportation	9,305
Administration	28,645
Business Services	28,645
Unallocated	114,579
Total depreciation expense	\$ 582,201

**6. INVENTORY**

Inventory in the food service fund at June 30, 2019 consisted of the following:

Food	\$ 310
Supplies	879
	\$ 1,189

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations:

	Outstanding June 30, 2018	Additions	Reductions	Outstanding June 30, 2019	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 166,855	\$ 27,823	\$ -	\$ 194,678	\$ 2,320
General Obligation Bonds	2,115,000		395,000	1,720,000	405,000
Net Pension Liability	3,480,101		481,693	2,998,408	
	\$ 5,761,956	\$ 27,823	\$ 876,693	\$ 4,913,086	\$ 407,320

**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. Outstanding bonds issued by the School District are as follows:

2010 Refunding Bonds dated July 15, 2010 in the amount of \$1,720,000 due in annual installments through July 15, 2022, bearing an interest rate of 4.00%.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

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

As of June 30, 2019, principal and interest due on bonds outstanding is as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 405,000	\$ 60,700	\$ 465,700
2021	420,000	44,200	464,200
2022	440,000	27,000	467,000
2023	455,000	9,100	464,100
	<u>\$ 1,720,000</u>	<u>\$ 141,000</u>	<u>\$ 1,861,000</u>

As of June 30, 2019, 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, 2019, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$43,331 for the fiscal year ended June 30, 2019.

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

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2020	\$ 39,950
2021	38,950
2022	30,856
2023	30,120
2024	2,510
	<u>\$ 142,386</u>

**9. PENSION PLANS**

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

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

*Plan Description* - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

*Vesting and Benefit Provisions* – 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 medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2019. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2019 was \$648,117 and was paid by April 1, 2019. School District employee contributions to the pension plan during the fiscal year ended June 30, 2019 were \$369,876.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions* - 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.

At June 30, 2019, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2018, the School District recognized pension expense of \$1,590,094 and revenue of \$1,590,094 for support provided by the State. Although the School 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 School District.

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

	<u>06/30/18</u>	<u>06/30/17</u>
Collective deferred outflows of resources	\$ 12,473,998,870	\$ 14,160,879,257
Collective deferred inflows of resources	16,180,773,643	11,800,239,661
Collective net pension liability (Non-Employer – State of New Jersey)	63,617,852,031	67,423,605,859
State's portion of the net pension liability that was associated with the School District	27,275,971	30,292,116
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0428747118%	.0449280571%

*Actuarial assumptions* – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	2.25%
Salary Increases:	
2011-2026	1.55- 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	05.00%	05.51%
Cash Equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment Grade Credit	10.00%	03.78%
High Yield	02.50%	06.82%
Global Diversified Credit	05.00%	07.10%
Credit Oriented Hedge Funds	01.00%	06.60%
Debt Related Private Equity	02.00%	10.63%
Debt Related Real Estate	01.00%	06.61%
Private Real Asset	02.50%	11.83%
Equity Related Real Estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. Developed Markets Equity	11.50%	09.00%
Emerging Markets Equity	06.50%	11.64%
Buyouts/Venture Capital	08.25%	13.08%
	<u>100.00%</u>	

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 contribution rate in the most recent fiscal year. The state contributed 50% of the actuarially determined 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate.* As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2018, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.86%, as well as what the School 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 (3.25%) or 1 percentage point higher (5.25%) than the current rate:

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	32,239,680	27,275,971	23,161,177
	\$ 32,239,680	\$ 27,275,971	\$ 23,161,177

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)**

*Plan Description* - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose is to provide retirement, death and disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

*Vesting and Benefit Provisions* - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. 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 member contribution rate was 7.50% in State fiscal year 2019. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 13.13% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2019 was \$151,474 and was paid by April 1, 2019. School District employee contributions to the pension plan during the fiscal year ended June 30, 2019 were \$70,856.

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Longterm Disability</u>	<u>Total Liability Paid by District</u>
2019	\$ 18,929	\$ 125,657	\$ 6,888	\$ 1,201	\$ 152,675
2018	18,229	113,515	6,751	3,360	141,855
2017	17,954	91,367	5,456		114,777

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions* – 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.

At June 30, 2019, the School District reported a liability of \$2,998,408 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

For the year ended June 30, 2019, the School District recognized pension expense of \$230,466. At June 30, 2019, the School District reported a liability of \$2,998,408 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	\$ 57,180	\$ 15,461
Changes of assumptions	494,088	958,732
Net Difference between projected and actual earnings on pension plan investments		28,125
Changes in proportion	401,578	82,028
District contributions subsequent to the measurement date	123,578	
<b>Total</b>	<b>\$ 1,076,424</b>	<b>\$ 1,084,346</b>

\$123,578 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, 2019, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net liability in the year ended June 30, 2019.

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 (Inflows) of Resources
2020	\$ 79,000
2021	57,353
2022	(45,346)
2023	(27,033)
2024	(71,896)
<b>Total</b>	<b>\$ (7,922)</b>



**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	5.00
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

**Additional Information**

Collective balances at June 30, 2018 and 2017 are as follows:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	\$ 7,646,736,226	\$ 5,700,625,981
Collective net pension liability	\$ 19,689,501,539	\$ 23,278,401,588
School District's Proportion	.0152284623%	.0149499154%

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

*Actuarial assumptions* – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 2.25%  
Salary Increases:  
    Through 2026: 1.65-4.15% based on age  
    Thereafter: 2.65-5.15% based on age  
Investment Rate of Return: 7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.00% at June 30, 2018) 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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

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

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	05.00%	05.51%
Cash Equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment Grade Credit	10.00%	03.78%
High Yield	02.50%	06.82%
Global Diversified Credit	05.00%	07.10%
Credit Oriented Hedge Funds	01.00%	06.60%
Debt Related Private Equity	02.00%	10.63%
Debt Related Real Estate	01.00%	06.61%
Private Real Asset	02.50%	11.83%
Equity Related Real Estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. Developed Markets Equity	11.50%	09.00%
Emerging Markets Equity	06.50%	11.64%
Buyouts/Venture Capital	08.25%	13.08%
	<u>100.00%</u>	

*Discount rate.* The discount rate used to measure the State's total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 contribution rate in the most recent fiscal year. The state employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2018, calculated using the discount rate of 5.66%, as well as what the School 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 (4.66%) or 1 percentage point higher (6.66%) than the current rate:

	<u>1% Decrease (4.66%)</u>	<u>Current Discount Rate (5.66%)</u>	<u>1% Increase (6.66%)</u>
School District's proportionate share of the net pension liability	\$ 3,770,153	\$ 2,998,408	\$ 2,350,964

*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

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**9. PENSION PLANS (Continued)**

**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>
2019	\$ 2,271	\$ 2,271
2018	2,144	2,144
2017	2,848	2,848

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description and Benefits Provided**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been remeasured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the remeasured total OPEB liability in Fiscal Year 2017.

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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

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

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the school district. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

*Actuarial assumptions and other imputes* - The total nonemployer OPEB liability as of the June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2011 – June 30, 2014 and July 1, 2010 – June 30, 2013 for TPAF, PFRS, and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

*Health Care Trend Assumptions* - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate* - The discount rate for June 30, 2018 and 2016 was 3.87%. This represent the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The percentage of the premium for which the retirees will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Changes in the Total Nonemployer OPEB Liability**

The table below summarizes the State's proportionate share of the change in the total nonemployer OPEB liability associated with the School District:

	Total OPEB Liability
Balance as of June 30, 2017	\$ 21,013,156
Changes for the years'	
Service Cost	802,473
Interest	772,182
Changes of benefit terms	
Differences between expected and actual experience	(631,993)
Changes in assumptions	(2,209,017)
Gross Benefit Payments	(514,734)
Contributions from the Non-employer	N/A
Contributions from the Member	17,790
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (1,763,299)
Balance at 06/30/2018	\$ 19,249,857

**Sensitivity of the total nonemployer OPEB liability to changes in the discount rate** - The following presents the total nonemployer OPEB liability as of June 30, 2018, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1percentage-point higher than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 22,757,250	\$ 19,249,857	\$ 16,461,842

**Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate** - The following presents the total nonemployer OPEB liability as of June 30, 2018, associated with the School District, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1percentage-point higher than the current rate:

	1% Decrease	Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 23,289,172	\$ 19,249,857	\$ 16,658,140

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

For the year ended June 30, 2019, the School District recognized \$1,018,895 in OPEB expense and revenue, in the government-wide financial statements, for the State’s proportionate share of the OPEB Plan’s OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan’s June 30, 2018 measurement date.

In accordance with GASBS No. 75, the School District’s proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District.

At June 30, 2019, the State’s proportionate share of the total nonemployer OPEB liability’s deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and		
actual experiences	\$ -	\$ 1,868,629
Changes of assumptions	-	4,314,954
<b>Total</b>	<b>\$ -</b>	<b>\$ 6,183,583</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to State’s proportionate share of the total nonemployer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

For the year ended:	
2019	\$ (761,973)
2020	(761,973)
2021	(761,973)
2022	(761,973)
2023	(761,973)
Therafter	(2,373,719)
<b>Total</b>	<b>\$ (6,183,584)</b>

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.

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2019, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$916,733, \$415,828, and \$990, respectively. In addition, \$346,958 on-behalf payments were made by the state for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**12. RISK MANAGEMENT**

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

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

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

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

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

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

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Board Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 202	\$ 10,415		\$ 10,843	\$ 53,474
2018	180	10,178	20,000	21,922	53,700
2017	236	8,214	8,214	2,545	45,264

**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.



**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**14. COMPENSATED ABSENCES (Continued)**

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, 2019, the liability for compensated absences in the governmental activities was \$194,678.

**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, 2020. The following interfund balances were recorded on the various balance sheets as of June 30, 2019:

Fund	Interfunds Receivable	Interfunds Payable
General	\$ 145,475	\$ 12,420
Special Revenue		24,783
Capital Projects		120,692
Proprietary	11,500	
Fiduciary	920	
Total	\$ 157,895	\$ 157,895

**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, 2019, 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.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**17. DEFICIT UNRESTRICTED NET POSITION**

As of June 30, 2019, a deficit of \$2,959,577 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 is as follows:

Balances, June 30, 2019:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ 396,542
Liabilities:	
Net Pension Differences	(3,129,908)
Accrued Interest Payable	(31,533)
Compensated Absences	(194,678)
Unrestricted Net Position (Deficit)	<u><u>\$ (2,959,577)</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, 2019, the balance in the capital reserve account is \$2,454,857. Of this amount \$1,163,500 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020 and \$1,291,357 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, 2019 in the amount of \$850,000 for tuition adjustments. Of this amount \$400,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020. 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, 2019, the balance in the maintenance reserve account is \$657,537. Of this amount \$150,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**ASSIGNED**

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

**General Fund:**

**Other Purposes** – At June 30, 2019 the School District has \$195,358 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**Cranbury Township School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**18. FUND BALANCES (Continued)**

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, 2019, \$396,542 of general fund balance was unassigned.

**Capital Projects Fund** – As of June 30, 2019, \$132,096 of capital projects fund balance was unassigned

**19. LITIGATION**

The District is involved in one 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, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$ 16,846,983	\$ -	\$ 16,846,983	\$ 16,846,983	\$ -
Interest earned on capital reserve				23,207	23,207
Interest earned on maintenance reserve				7,550	7,550
Rents and Royalties	50,000		50,000	49,450	(550)
Tuition	8,000		8,000	8,000	
Unrestricted Misc. Revenues	35,000		35,000	80,337	45,337
<b>Total local sources</b>	<b>16,939,983</b>		<b>16,939,983</b>	<b>17,015,527</b>	<b>75,544</b>
State sources:					
Special Education aid	404,655		404,655	404,655	
Security Aid	13,756		13,756	13,756	
Transportation Aid	154,072	9,264	163,336	163,336	
Extraordinary aid				71,738	71,738
Nonpublic transportation aid				7,830	7,830
On-behalf TPAF pension contrib.. (non-budgeted)				916,733	916,733
On-behalf TPAF post retirement med.. (non-budgeted)				415,828	415,828
On-behalf TPAF LTDI (non-budgeted)				990	990
Reimbursed TPAF social security contribution (non-budgeted)				346,958	346,958
<b>Total state sources</b>	<b>572,483</b>	<b>9,264</b>	<b>581,747</b>	<b>2,341,824</b>	<b>1,760,077</b>
<b>TOTAL REVENUES</b>	<b>17,512,466</b>	<b>9,264</b>	<b>17,521,730</b>	<b>19,357,351</b>	<b>1,835,621</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	214,711	9,589	224,300	223,289	1,011
Grades 1-5	1,681,098	(5,160)	1,675,938	1,631,828	44,110
Grades 6-8	1,417,130	(74,274)	1,342,856	1,251,594	91,262
Regular Programs - Home Instruction:					
Salaries of teachers	5,000		5,000	4,507	493
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	59,157		59,157	54,563	4,594
Purchased professional educational services	9,999		9,999	9,999	9,999
Purchased technical services	252,064	4,985	257,049	214,040	43,009
Other purchased services	155,750	(3,068)	152,682	125,943	26,739
General supplies	274,456	(1,666)	272,790	223,629	49,161
Textbooks	81,300	16,413	97,713	86,814	10,899
Other objects					
<b>Total - Regular Programs - Instruction</b>	<b>4,150,665</b>	<b>(53,181)</b>	<b>4,097,484</b>	<b>3,816,207</b>	<b>281,277</b>
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	69,260		69,260	67,760	1,500
General supplies	2,400		2,400	1,026	1,374
Textbooks	-		-	-	-
<b>Total learning and/or language disab.</b>	<b>71,660</b>		<b>71,660</b>	<b>68,786</b>	<b>2,874</b>

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

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**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	\$ 614,580	\$ 60,341	\$ 674,921	\$ 669,721	\$ 5,200
Other salaries for instruction	204,014	(2,800)	201,214	149,736	51,478
General supplies	6,800	200	7,000	3,954	3,046
Total resource room/resource center	<u>825,394</u>	<u>57,741</u>	<u>883,135</u>	<u>823,411</u>	<u>59,724</u>
Preschool Disabilities - Part-Time:					
Salaries of teachers	62,360	(4,500)	57,860	23,028	34,832
Other salaries for instruction	22,088		22,088	15,452	6,636
General supplies	3,000		3,000	2,844	156
Total preschool disabilities - part-time	<u>87,448</u>	<u>(4,500)</u>	<u>82,948</u>	<u>41,324</u>	<u>41,624</u>
Total Special Education - Instruction	<u>984,502</u>	<u>53,241</u>	<u>1,037,743</u>	<u>933,521</u>	<u>104,222</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	137,720	4,500	142,220	134,485	7,735
General supplies	2,000		2,000	808	1,192
Total basic skills/remedial - instruction	<u>139,720</u>	<u>4,500</u>	<u>144,220</u>	<u>135,293</u>	<u>8,927</u>
School-Sponsored Cocurricular Act - Instruction:					
Salaries	65,951	1,000	66,951	48,513	18,438
Supplies and materials	1,200		1,200	1,200	-
Other objects	6,770	(358)	6,412	3,070	3,342
Transfers to cover deficit	-		-	-	-
Total school-sponsored cocurr. act. - instruct.	<u>73,921</u>	<u>642</u>	<u>74,563</u>	<u>51,583</u>	<u>22,980</u>
School-Sponsored Athletics - Instruction:					
Salaries	82,220	20	82,240	82,240	-
Purchased services	7,000	600	7,600	7,517	83
Supplies and materials	12,500	358	12,858	12,857	1
Total school-sponsored athletics - instruct.	<u>101,720</u>	<u>978</u>	<u>102,698</u>	<u>102,614</u>	<u>84</u>
Total Instruction	<u>5,450,528</u>	<u>6,180</u>	<u>5,456,708</u>	<u>5,039,218</u>	<u>417,490</u>
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	4,882,604	215,380	5,097,984	5,097,983	1
Tuition to other LEAs within the state - spec	128,504	3,150	131,654	131,654	-
Tuition to private school for the disabled - w/i	500,192	(128,315)	371,877	336,813	35,064
Tuition - other	-		-	-	-
Total undistributed expenditures - instruction	<u>5,511,300</u>	<u>90,215</u>	<u>5,601,515</u>	<u>5,566,450</u>	<u>35,065</u>
Attendance and Social Work Services:					
Purchased professional and technical services		928	928		928
Total attendance and social work services	<u>-</u>	<u>928</u>	<u>928</u>	<u>-</u>	<u>928</u>
Health Services:					
Salaries	101,343	5,282	106,625	86,698	19,927
Purchased professional and technical services	177,595	(25,500)	152,095	123,053	29,042
Supplies and materials	4,300	2,860	7,160	7,043	117
Other objects	100		100	100	-
Total health services	<u>283,338</u>	<u>(17,358)</u>	<u>265,980</u>	<u>216,794</u>	<u>49,186</u>

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, 2019**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Speech, OT, PT, & Related Services:					
Salaries	\$ 161,980	\$ 1,058	\$ 163,038	\$ 162,939	\$ 99
Supplies and materials	2,600		2,600	2,415	185
Total speech, ot, pt & related services	<u>164,580</u>	<u>1,058</u>	<u>165,638</u>	<u>165,354</u>	<u>284</u>
Other Support Services - Students - Extra Srvc:					
Purchased professional educational services		4,883	4,883	4,883	
Total students - extra srvc	<u>-</u>	<u>4,883</u>	<u>4,883</u>	<u>4,883</u>	<u>-</u>
Guidance:					
Salaries of other professional staff	157,100		157,100	153,839	3,261
Purchased professional educational services	-				
Supplies and materials	5,000		5,000	4,135	865
Total guidance	<u>162,100</u>		<u>162,100</u>	<u>157,974</u>	<u>4,126</u>
Child Study Teams:					
Salaries of other professional staff	326,314	(3,068)	323,246	317,954	5,292
Salaries of secretarial and clerical assistants	53,287		53,287	51,862	1,425
Purchased professional educational services	21,000	55,039	76,039	70,508	5,531
Supplies and materials	7,200	170	7,370	7,356	14
Other objects	1,500		1,500	1,320	180
Total child study teams	<u>409,301</u>	<u>52,141</u>	<u>461,442</u>	<u>449,000</u>	<u>12,442</u>
Improvement of Instructional Services:					
Salaries supervisor of Instruction	162,212	39,312	201,524	198,749	2,775
Salaries of secretarial and clerical assistants	74,528	(8,000)	66,528	65,929	599
Other purchased services	2,311	(260)	2,051	1,633	418
Supplies and materials	2,500	18	2,518	2,514	4
Other objects	1,640	242	1,882	1,882	
Total improvement of instructional services	<u>243,191</u>	<u>31,312</u>	<u>274,503</u>	<u>270,707</u>	<u>3,796</u>
Educational Media Services/School Library:					
Salaries	81,260	(2,000)	79,260	79,260	
Supplies and materials	18,000	(1,100)	16,900	14,285	2,615
Total educational media services/school library	<u>99,260</u>	<u>(3,100)</u>	<u>96,160</u>	<u>93,545</u>	<u>2,615</u>
Instructional Staff Training Services:					
Other purchased services	24,700	10,500	35,200	20,001	15,199
Supplies and materials	4,188	(3,000)	1,188	1,068	120
Total instructional staff training services	<u>28,888</u>	<u>7,500</u>	<u>36,388</u>	<u>21,069</u>	<u>15,319</u>
General Administration:					
Salaries	221,388	1	221,389	211,625	9,764
Legal services	45,000	9,026	54,026	50,747	3,279
Audit fees	25,000		25,000	24,900	100
Other purchased prof. services	22,779	72,935	95,714	89,475	6,239
Communications / telephone	27,000	1,250	28,250	23,618	4,632
BOE other purchased services	3,500	(2,900)	600	451	149
General supplies	6,000	(114)	5,886	5,797	89
Miscellaneous expenditures	18,150	(1,166)	16,984	16,424	560
Total general administration	<u>368,817</u>	<u>79,032</u>	<u>447,849</u>	<u>423,037</u>	<u>24,812</u>

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, 2019**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>School Administration:</b>					
Salaries of principals/assist. principals	\$ 122,639	\$ 500	\$ 123,139	\$ 123,138	\$ 1
Salaries of secretarial and clerical assistants	117,693	1,506	119,199	118,997	202
Other purchased services	575	(200)	375	244	131
Supplies and materials	1,800	72	1,872	1,872	
Other objects	1,530	432	1,962	1,962	
<b>Total school administration</b>	<b>244,237</b>	<b>2,310</b>	<b>246,547</b>	<b>246,213</b>	<b>334</b>
<b>Central services:</b>					
Salaries	216,539	12,000	228,539	226,234	2,305
Purchased professional services	8,000	4,199	12,199	11,723	476
Misc. purchased services (400-500 series)	200	525	725	723	2
Supplies and materials	4,500	201	4,701	4,697	4
Miscellaneous expenditures	24,325	(7,056)	17,269	17,227	42
<b>Total central services</b>	<b>253,564</b>	<b>9,869</b>	<b>263,433</b>	<b>260,604</b>	<b>2,829</b>
<b>Required Maintenance School Facilities:</b>					
Cleaning, repairs & maintenance services	107,425	(32,840)	74,585	65,662	8,923
<b>Total required maintenance school facilities</b>	<b>107,425</b>	<b>(32,840)</b>	<b>74,585</b>	<b>65,662</b>	<b>8,923</b>
<b>Custodial Services:</b>					
Salaries	305,921	(873)	305,048	291,183	13,865
Cleaning, repair and maintenance services	185,950	15,729	201,679	189,723	11,956
Other purchased property services	30,000	(725)	29,275	21,149	8,126
Insurance	75,651	(3,600)	72,051	71,961	90
Travel	800	356	356	355	1
Miscellaneous purchased services	800	(800)	-	-	-
General Supplies	80,666	691	81,357	79,222	2,135
Energy (Electricity)	335,500	(71,065)	264,435	215,141	49,294
Energy (Natural Gas)	55,632	25,500	81,132	67,514	13,618
Other objects	475	25	500	500	
<b>Total custodial services</b>	<b>1,070,595</b>	<b>(34,762)</b>	<b>1,035,833</b>	<b>936,748</b>	<b>99,085</b>
<b>Care and Upkeep of Grounds:</b>					
Cleaning, repairs & maintenance services	84,000	20,605	104,605	79,327	25,278
General supplies	2,500	1,440	3,940	3,939	1
<b>Total care and upkeep of grounds</b>	<b>86,500</b>	<b>22,045</b>	<b>108,545</b>	<b>83,266</b>	<b>25,279</b>
<b>Security</b>					
Purchased professional and technical services	-	-	-	-	-
<b>Total security</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total operation &amp; maint. of plant services</b>	<b>1,264,520</b>	<b>(45,557)</b>	<b>1,218,963</b>	<b>1,085,676</b>	<b>133,287</b>
<b>Student Transportation Services:</b>					
Salaries for Pupil Trans (between home and school) - Regular Ed.	12,009	-	12,009	12,008	1
Salaries for Pupil Trans (between home and school) - Special Ed.	30,546	(487)	30,059	24,868	5,191
Cleaning, repairs & maintenance services	8,000	-	8,000	5,829	2,171
Contr. serv. (between home & sch) - vendor	518,130	(48,337)	469,793	469,793	
Contr. serv. (not between home & sch) - vendor	60,200	(8,816)	51,384	51,383	1
Contr. serv. (between home & sch) - joint agree.	3,000	1,000	4,000	3,500	500
Contr. Serv. (Spl. Ed. Students) - vendors	220,000	168,037	388,037	388,036	1
Contr. Serv. - aid in lieu of	45,000	(19,000)	26,000	26,000	
Transportation supplies	8,000	-	8,000	6,007	1,993
<b>Total student transportation services</b>	<b>904,885</b>	<b>92,397</b>	<b>997,282</b>	<b>987,424</b>	<b>9,858</b>

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

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**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Allocated Benefits - Employee Benefits					
Special Programs - Instruction					
Health benefits	\$ 456,100	\$ (456,100)	\$ -	\$ -	\$ -
Other employee benefits	21,000	(21,000)			
Total Special Programs - Instruction	477,100	(477,100)	-	-	-
Child Study Teams					
Health benefits	114,700	(114,700)			
Total Child Study Teams	114,700	(114,700)	-	-	-
Improvement of Instruction Services					
Health benefits	35,900	(35,900)			
Total Improvement of Instruction Services	35,900	(35,900)	-	-	-
Custodial Services					
Health benefits	65,900	(65,900)			
Other employee benefits	7,000	(7,000)			
Total Custodial Services	72,900	(72,900)	-	-	-
Total allocated benefits	700,600	(700,600)	-	-	-
Unallocated Benefits - Employee Benefits					
Social security contributions	152,173		152,173	128,753	23,420
Other retirement contributions - PERS	147,432	5,243	152,675	152,675	
Other retirement contributions - reg.	4,000		4,000	1,136	2,864
Unemployment compensation					
Workmen's compensation	71,524	(5,243)	66,281	64,333	1,948
Health benefits	1,471,615	368,854	1,840,469	1,694,720	145,749
Tuition reimbursement	40,000	(3,825)	36,175	7,365	28,810
Sick payment to terminated/retired emp.					
Other employee benefits	48,365	26,525	74,890	53,797	21,093
Total unallocated benefits	1,935,109	391,554	2,326,663	2,102,779	223,884
On-behalf TPAF pension contr. (non-budgeted)				916,733	(916,733)
On-behalf TPAF post retirement medical (non-budgeted)				415,828	(415,828)
On-behalf TPAF LTDI (non-budgeted)				990	(990)
Reimbursed TPAF social security contr. (non-budgeted)				346,958	(346,958)
Total Undistributed Expenditures	12,573,690	(3,416)	12,570,274	13,732,018	(1,161,744)
Total General Current Expense	18,024,218	2,764	18,026,982	18,771,236	(744,254)
<b>CAPITAL OUTLAY:</b>					
Equipment					
Undist. Expenditures - Custodial Services	8,000	(1,000)	7,000	4,935	2,065
School Buses - Regular	-				
Undist. Expenditures - Non-Inst. Services	9,710		9,710	9,710	
Total Equipment	17,710	(1,000)	16,710	14,645	2,065
Facilities acquisition and construction services					
Construction Services	303,618	1,231,215	1,534,833	1,408,960	125,873
Assessment for Debt Service on SDA Funding	19,308		19,308	19,308	
Total Facilities acquisition and construction	322,926	1,231,215	1,554,141	1,428,268	125,873
Total Capital Outlay	340,636	1,230,215	1,570,851	1,442,913	127,938

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, 2019**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>SUMMER SCHOOL:</b>					
Summer School - Instruction					
Salaries of teachers	\$ 16,996	\$ (624)	\$ 16,372	\$ 4,544	\$ 11,828
General supplies	900	(276)	624	624	
Total Summer School - Instruction	<u>17,896</u>	<u>(900)</u>	<u>16,996</u>	<u>5,168</u>	<u>11,828</u>
Adult School - Support Services					
Supplies and materials		900	900		900
Total Adult School - Support Services	<u>-</u>	<u>900</u>	<u>900</u>	<u>-</u>	<u>900</u>
Transfer of Funds to Charter Schools	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>18,382,750</u>	<u>1,232,979</u>	<u>19,615,729</u>	<u>20,219,317</u>	<u>(603,588)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(870,284)</u>	<u>(1,223,715)</u>	<u>(2,093,999)</u>	<u>(861,966)</u>	<u>1,232,033</u>
Other Financing Sources:					
Food Service Contribution		<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,500)</u>	
Total Other Financing Sources		<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,500)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(870,284)</u>	<u>(1,231,215)</u>	<u>(2,101,499)</u>	<u>(869,466)</u>	<u>1,232,033</u>
Fund Balance - July 1, 2018	<u>5,477,562</u>		<u>5,477,562</u>	<u>5,477,562</u>	
Fund Balance - June 30, 2019	<u>\$ 4,607,278</u>	<u>\$ (1,231,215)</u>	<u>\$ 3,376,063</u>	<u>\$ 4,608,096</u>	<u>\$ 1,232,033</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 2,454,857	
Tuition reserve 2019-2020				400,000	
Tuition reserve 2020-2021				450,000	
Maintenance reserve				657,537	
Assigned Fund Balance:					
Year-end encumbrances				195,358	
Designated for subsequent year's budget					
Unassigned Fund Balance:					
				<u>450,344</u>	
				4,608,096	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(53,802)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,554,294</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, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources	\$ -	\$ 3,000	\$ 3,000	\$ 2,984	\$ (16)
State sources	4,154	(3,159)	995		(995)
Federal sources	126,154	42,338	168,492	164,135	(4,357)
Total Revenues	<u>130,308</u>	<u>42,179</u>	<u>172,487</u>	<u>167,119</u>	<u>(5,368)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	22,670	6,489	29,159	29,159	-
Purchased prof. - educational services	3,292	(2,297)	995		995
General supplies		6,630	6,630	6,435	195
Tuition	89,250	23,692	112,942	112,942	-
Textbooks	862	(862)			-
Total Instruction	<u>116,074</u>	<u>33,652</u>	<u>149,726</u>	<u>148,536</u>	<u>1,190</u>
Support Services:					
Salaries	6,734	2,844	9,578	6,120	3,458
Purchased professional - tech. services	7,500	5,683	13,183	12,463	720
Supplies and Materials		-			-
Total Support Services	<u>14,234</u>	<u>8,527</u>	<u>22,761</u>	<u>18,583</u>	<u>4,178</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>130,308</u>	<u>42,179</u>	<u>172,487</u>	<u>167,119</u>	<u>5,368</u>
Total Outflows	<u>130,308</u>	<u>42,179</u>	<u>172,487</u>	<u>167,119</u>	<u>5,368</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, 2019**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 19,357,351	\$ 167,119
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(10,047)
Prior Year		10,377
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	48,766	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(53,802)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 19,352,315	\$ 167,449
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 20,219,317	\$ 167,119
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.		
Current Year		(10,047)
Prior Year		10,377
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 20,219,317	\$ 167,449

Required Supplementary Information - Part III  
Schedules Related to Accounting and Reporting  
For Pensions and  
Other Post Employment Benefits

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

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0152284623%	0.0149499154%	0.0129197259%	0.0121686786%	0.0125510444%	0.0139526012%
District's proportionate share of the net pension liability (asset)	\$ 2,998,408	\$ 3,480,101	\$ 3,826,452	\$ 2,731,624	\$ 2,349,899	\$ 2,666,619
District's covered-employee payroll	941,136	910,885	1,030,788	989,428	928,450	887,959
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	318.59%	382.06%	371.22%	276.08%	253.10%	300.31%
Plan fiduciary net position as a percentage of the total pension liability	40.45%	36.78%	31.20%	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 Six Fiscal Years**

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 123,578	\$ 151,474	\$ 141,855	\$ 114,777	\$ 104,618	\$ 103,469
Contributions in relation to the contractually required contributions	<u>(123,578)</u>	<u>(151,474)</u>	<u>(141,855)</u>	<u>(114,777)</u>	<u>(104,618)</u>	<u>(103,469)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 941,136	\$ 910,885	\$ 1,030,788	\$ 989,428	\$ 928,450	\$ 887,959
Contributions as a percentage of covered-employee payroll	13.13%	16.63%	13.76%	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 Six Fiscal Years**

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0428747118%	0.0449280571%	0.0432671705%	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	<u>\$ 27,275,971</u>	<u>\$ 30,292,116</u>	<u>\$ 34,036,711</u>	<u>\$ 29,019,271</u>	<u>\$ 25,394,928</u>	<u>\$ 25,911,874</u>
Total	<u><u>\$ 27,275,971</u></u>	<u><u>\$ 30,292,116</u></u>	<u><u>\$ 34,036,711</u></u>	<u><u>\$ 29,019,271</u></u>	<u><u>\$ 25,394,928</u></u>	<u><u>\$ 25,911,874</u></u>
District's covered-employee payroll	\$ 4,887,649	\$ 4,783,383	\$ 4,544,492	\$ 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%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	22.33%	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**  
**Required Supplementary Information**  
**Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District**  
**and Changes in the Total OPEB Liability and Related Ratios**  
**Public Employee's Retirement System and Teachers' Pension and Annuity Fund**  
**Last Two Fiscal Years**

	June 30, 2019	June 30, 2018
	<u>                    </u>	<u>                    </u>
State's proportion of the net OPEB liability (asset) associated with the District	0.04%	0.04%
District's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 19,249,857	\$ 21,013,156
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 19,249,857</u>	<u>\$ 21,013,156</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%
	June 30, 2019	June 30, 2018
	<u>                    </u>	<u>                    </u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 802,473	\$ 968,553
Interest	772,182	668,610
Difference between expected and actual experiences	(631,993)	
Changes of assumptions	(2,209,017)	(2,879,406)
Member Contributions	17,790	17,922
Benefit payments	<u>(514,734)</u>	<u>(486,709)</u>
<b>Net Change in total OPEB Liability</b>	\$ (1,763,299)	\$ (1,711,030)
<b>Total OPEB Liability - beginning</b>	<u>\$ 21,013,156</u>	<u>\$ 22,724,186</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 19,249,857</u>	<u>\$ 21,013,156</u>
District's covered-employee payroll	5,828,785	5,694,268
Total OPEB Liability as a percentage of covered-employee payroll	330.26%	369.02%

This schedule does not contain ten years of information as GASB 75 was implemented during the fiscal year ended June 30, 2018.

**Cranbury Township School District**  
**Notes to Required Supplementary Information**  
**Pension Schedules**  
**For the Fiscal Year Ended June 30, 2019**

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

*Changes of benefit term:* There were none.

*Changes of assumptions:* For 2018, the discount rate changed to 4.86% and the long-term rate of return remained at 7.00%. For 2017, the discount rate changed to 4.25% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term rate of return changed to 7.65% from 7.90%. Also, for 2016, demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 – June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2013, the discount rate was 4.68%

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

*Changes of benefit term:* There were none.

*Changes of assumptions:* For 2018, the discount rate changed to 5.66% and the long-term rate of return remained at 7.00%. For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98% and the long-term rate of return changed to 7.65% from 7.90%. Also, for 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further salary increases were assumed to increase between 1.65% and 4.15% (based on age) through year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90% and the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(1)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%

**3. Other Post-Retirement Plan – Public Employees' Retirement System and Teachers' Pension and Annuity Fund**

*Changes of benefit term:* There were none.

*Changes of assumptions:* In 2018 the discount rate changed to 3.87% from 3.85% as of June 30, 2017. In 2018, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions. The discount rate was 2.85% as of June 30, 2016.

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, 2019**

	Garden Club Grant	Exxon Mobile Grant	Title I	Title IIA	Title IV	IDEA Basic	IDEA Preschool	Totals
<b>REVENUES:</b>								
Local sources	\$ 2,000	\$ 984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,984
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	30,453	6,120	9,101	112,942	5,519	164,135
<b>Total Revenues</b>	<u>2,000</u>	<u>984</u>	<u>30,453</u>	<u>6,120</u>	<u>9,101</u>	<u>112,942</u>	<u>5,519</u>	<u>167,119</u>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of teachers	2,000		21,640				5,519	29,159
Purchased professional - educational serv.								
General supplies		984	4,950		501			6,435
Tuition						112,942		112,942
Textbooks								
<b>Total Instruction</b>	<u>2,000</u>	<u>984</u>	<u>26,590</u>		<u>501</u>	<u>112,942</u>	<u>5,519</u>	<u>148,536</u>
Support Services:								
Salaries				6,120				6,120
Purchased professional - technical serv.			3,863		8,600			12,463
Supplies and Materials								
<b>Total Support Services</b>			<u>3,863</u>	<u>6,120</u>	<u>8,600</u>			<u>18,583</u>
Facilities Acquisition and Const. Serv.:								
Instructional equipment								
<b>Total Facilities Acq. and Const. Serv.</b>								
<b>Total Expenditures</b>	<u>2,000</u>	<u>984</u>	<u>30,453</u>	<u>6,120</u>	<u>9,101</u>	<u>112,942</u>	<u>5,519</u>	<u>167,119</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2019**

**Revenues and Other Financing Sources:**

State Aid - SDA Grant	\$	-
Transfer from Capital Reserve		-
		<hr/>
Total revenues and other financing sources		<hr/> <hr/> -

**Expenditures and Other Financing Uses:**

Purchased professional services		-
Construction services		-
Transfer to Capital Reserve		-
		<hr/>
Total expenditures and other financing uses		<hr/> <hr/> 0

Excess (deficiency) or revenues over (under) expenditures		0
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Fund Balance - July 1, 2018		<hr/> 132,096
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Fund Balance - June 30, 2019	\$	<hr/> <hr/> 132,096
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**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, 2019**

	Prior Periods	Current Year	Total	Revised Authorized Costs
<b>Revenues and Other Financing Sources:</b>				
State sources - SDA Grant	\$ 487,587	\$ -	\$ 487,587	\$ 487,587
Transfer from Capital Reserve	731,380		731,380	731,380
 Total revenues	1,218,967		1,218,967	1,218,967
 <b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	16,244		16,244	16,244
Construction services	1,154,993		1,154,993	1,154,993
 Total expenditures	1,171,237		1,171,237	1,171,237
 Excess (deficiency) or revenues over (under) expenditures	\$ 47,730	\$ -	\$ 47,730	\$ 47,730
 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	9/30/2017			

**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, 2019**

	Prior Periods	Current Year	Total	Revised Authorized Costs
<b>Revenues and Other Financing Sources:</b>				
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
 <b>Expenditures and Other Financing Uses:</b>				
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	\$ 738,801			
Additional Authorized Cost				
Revised Authorized Cost	\$ 738,801			
 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, 2019**

	<b>Food Service Fund</b>
<b>ASSETS:</b>	
Current Assets:	
Cash and cash equivalents	\$ 12,334
Accounts receivable:	
State	78
Federal	1,271
Other	63
Interfund	11,500
Inventories	1,189
	26,435
Total Current Assets	26,435
Noncurrent Assets:	
Equipment	80,522
Less - accumulated depreciation	(76,497)
	4,025
Total Noncurrent Assets	4,025
Total Assets	30,460
 <b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	17,672
Unearned Revenue	8,613
	26,285
Total Current Liabilities	26,285
 <b>NET POSITION:</b>	
Net investment in capital assets	4,025
Unrestricted	150
	4,175
Total Net Position	\$ 4,175

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Food Service Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 57,918
Daily sales non-reimbursable programs	
Adult and a la carte sales	70,178
Special functions	<u>1,389</u>
Total Operating Revenues	<u>129,485</u>
<b>OPERATING EXPENSES:</b>	
Salaries	52,145
Employee benefits	10,570
Management fee	8,645
Supplies and materials	10,304
Administration and supervision	9,030
Other costs	13,009
Miscellaneous	3,805
Depreciation	145
Cost of sales - reimbursable programs	29,507
Cost of sales - nonreimbursable programs	<u>27,432</u>
Total Operating Expenses	<u>164,592</u>
Operating Income (Loss)	<u>(35,107)</u>
<b>Non-Operating Revenues:</b>	
State sources:	
State school lunch program	1,116
Federal sources:	
Food Distribution Program	17,945
National school lunch program	5,308
Local sources:	
Board contribution	7,500
Interest earned	<u>236</u>
Total Non-Operating Revenues	<u>32,105</u>
Changes in Net Position	(3,002)
Net Position - July 1, 2018	<u>7,177</u>
Net Position - June 30, 2019	<u><u>\$ 4,175</u></u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Food Service Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash receipts from customers	\$ 131,278
Cash payments to employees for services	(55,072)
Cash payments to suppliers for goods and services	<u>(94,614)</u>
Net cash provided by (used for) operating activities	<u>(18,408)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash received from state sources	1,143
Cash received from federal sources	18,236
Miscellaneous	<u>-</u>
Net cash provided by noncapital financing activities	<u>19,379</u>
<b>Cash Flow Provided by Investing Activities:</b>	
Interest on cash equivalents	<u>236</u>
Net increase (decrease) in cash and cash equivalents	1,207
Cash and cash equivalents - July 1, 2018	<u>11,127</u>
Cash and cash equivalents - June 30, 2019	<u>\$ 12,334</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)</b>	
<b>Operating Activities:</b>	
Operating income (loss)	\$ (35,107)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	145
Federal Commodities	5,308
Operating Transfer in	7,500
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	514
(Increase) decrease in inventories	2,357
(Increase) decrease in interfund receivable	(7,500)
Increase (decrease) in unearned revenue	1,217
Increase (decrease) in accounts payable	<u>7,158</u>
Net cash provided by (used for) operating activities	<u>\$ (18,408)</u>
<b>Noncash Noncapital Financing Activities:</b>	

Fiduciary Funds

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2019**

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Totals</u>
	<u>Unemployment Compensation Insurance</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 53,538	\$ 4,304	\$ 26,438	\$ 1,409	\$ 85,689
Interfund Receivable				920	920
Total Assets	<u>53,538</u>	<u>4,304</u>	<u>26,438</u>	<u>2,329</u>	<u>86,609</u>
<b>LIABILITIES:</b>					
Accounts payable	64	-	-	-	64
Payroll deductions and withholdings	-	-	-	2,329	2,329
Due to student groups	-	-	26,438	-	26,438
Total Liabilities	<u>64</u>	<u>-</u>	<u>\$ 26,438</u>	<u>\$ 2,329</u>	<u>28,831</u>
<b>NET POSITION:</b>					
Held in trust for payment of claims	53,474	-			53,474
Held in trust for scholarships	-	4,304			4,304
Total Net Position	<u>\$ 53,474</u>	<u>\$ 4,304</u>			<u>\$ 57,778</u>



**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2019**

	<b>McPhillips Memorial Scholarship Fund</b>	<b>Unemployment Compensation Insurance Trust Fund</b>	<b>Totals</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ADDITIONS:</b>			
Interest on investments	\$ 56	\$ 202	\$ 258
Employee withholdings	-	10,415	10,415
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Additions	56	10,617	10,673
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>DEDUCTIONS:</b>			
Unemployment compensation			
Insurance claims	-	10,843	10,843
Scholarships	250	-	250
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Deductions	250	10,843	11,093
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in Net Position	(194)	(226)	(420)
Net Position -- July 1, 2018	4,498	53,700	58,198
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Position -- June 30, 2019	<u>\$ 4,304</u>	<u>\$ 53,474</u>	<u>\$ 57,778</u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Balance</u> <u>July 1, 2018</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, 2019</u>
Elementary School	<u>\$ 19,684</u>	<u>\$ 51,885</u>	<u>\$ 45,131</u>	<u>\$ -</u>	<u>\$ 26,438</u>
Total	<u><u>\$ 19,684</u></u>	<u><u>\$ 51,885</u></u>	<u><u>\$ 45,131</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,438</u></u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,657	\$ 7,267,372	\$ 7,269,620	\$ 1,409
Interfund receivable		<u>920</u>		<u>920</u>
Total Assets	<u>\$ 3,657</u>	<u>\$ 7,268,292</u>	<u>\$ 7,269,620</u>	<u>\$ 2,329</u>
 <b>LIABILITIES:</b>				
Interfund payable	\$ -	\$ 3,681	\$ 3,681	\$ -
Net payroll	-	3,847,867	3,847,867	-
Payroll deductions and withholdings	<u>3,657</u>	<u>3,416,744</u>	<u>3,418,072</u>	<u>2,329</u>
Total Liabilities	<u>\$ 3,657</u>	<u>\$ 7,268,292</u>	<u>\$ 7,269,620</u>	<u>\$ 2,329</u>

## Long-Term Debt Schedules

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
Statement of Serial Bonds  
For the Fiscal Year Ended June 30, 2019**

<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, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
2010 Refunding of 2002 bonds	07/15/10	\$ 3,880,000	07/15/19	\$ 405,000	4.000%	\$ 2,115,000	\$ -	\$ 395,000	\$ 1,720,000
			07/15/20	420,000	4.000%				
			07/15/21	440,000	4.000%				
			07/15/22	455,000	4.000%				
						<u>\$ 2,115,000</u>	<u>\$ -</u>	<u>\$ 395,000</u>	<u>\$ 1,720,000</u>

**CRANBURY TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 471,700	\$ -	\$ 471,700	\$ 471,700	\$ -
<b>Total Revenues</b>	<u>471,700</u>		<u>471,700</u>	<u>471,700</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	76,700		76,700	76,700	
Redemption of principal	395,000		395,000	395,000	
<b>Total Expenditures</b>	<u>471,700</u>		<u>471,700</u>	<u>471,700</u>	
Excess (Deficiency) of revenues over (under) expenditures					
Other Financing Sources:					
Operating transfers in					
<b>Total Other Financing Sources</b>					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):					
Fund Balance - July 1, 2018					
Fund Balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Statistical Section**

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

J-1

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 3,819,569	\$ 4,266,215	\$ 5,597,384	\$ 5,438,135	\$ 5,758,720	\$ 6,706,807	\$ 8,664,482	\$ 8,655,111	\$ 8,661,308	\$ 8,923,364
Restricted for:										
Capital projects	1,353,579	1,333,193	1,334,962	1,692,372	2,763,012	2,500,478	2,991,225	3,126,027	3,666,535	2,586,953
Debt service	-	-	2,000	-	35	-	-	-	-	-
Other purposes	1,641,168	1,424,415	1,186,165	1,995,182	1,211,341	1,062,259	1,142,905	1,381,358	1,570,271	1,702,895
Unrestricted	7,857	171,931	146,048	47,618	92,818	(2,472,584)	(2,462,954)	(2,760,952)	(2,932,459)	(2,959,577)
Total governmental activities net position	<u>\$ 6,822,173</u>	<u>\$ 7,195,754</u>	<u>\$ 8,266,559</u>	<u>\$ 9,173,307</u>	<u>\$ 9,825,926</u>	<u>\$ 7,796,960</u>	<u>\$ 10,335,658</u>	<u>\$ 10,401,544</u>	<u>\$ 10,965,655</u>	<u>\$ 10,253,635</u>
Business-type activities:										
Net investment in capital assets	\$ 10,795	\$ 8,485	\$ 16,138	\$ 8,768	\$ 9,634	\$ 6,476	\$ 4,751	\$ 4,460	\$ 4,170	\$ 4,025
Unrestricted	63,187	48,366	30,592	26,102	17,645	11,185	1,207	3,044	3,007	150
Total business-type activities net position	<u>\$ 73,982</u>	<u>\$ 56,851</u>	<u>\$ 46,730</u>	<u>\$ 34,870</u>	<u>\$ 27,279</u>	<u>\$ 17,661</u>	<u>\$ 5,958</u>	<u>\$ 7,504</u>	<u>\$ 7,177</u>	<u>\$ 4,175</u>
District-wide:										
Net investment in capital assets	\$ 3,830,364	\$ 4,274,700	\$ 5,613,522	\$ 5,446,903	\$ 5,768,354	\$ 6,713,283	\$ 8,669,233	\$ 8,659,571	\$ 8,665,478	\$ 8,927,389
Restricted:										
Capital projects	1,353,579	1,333,193	1,334,962	1,692,372	2,763,012	2,500,478	2,991,225	3,126,027	3,666,535	2,586,953
Debt service	-	-	2,000	-	35	-	-	-	-	-
Other purposes	1,641,168	1,424,415	1,186,165	1,995,182	1,211,341	1,062,259	1,142,905	1,381,358	1,570,271	1,702,895
Unrestricted	71,044	220,297	176,640	73,720	110,463	(2,461,399)	(2,461,747)	(2,757,908)	(2,929,452)	(2,959,427)
Total district net position	<u>\$ 6,896,155</u>	<u>\$ 7,252,605</u>	<u>\$ 8,313,289</u>	<u>\$ 9,208,177</u>	<u>\$ 9,853,205</u>	<u>\$ 7,814,621</u>	<u>\$ 10,341,616</u>	<u>\$ 10,409,048</u>	<u>\$ 10,972,832</u>	<u>\$ 10,257,810</u>



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 4,410,389	\$ 4,086,870	\$ 3,803,079	\$ 3,823,319	\$ 3,879,413	\$ 4,015,513	\$ 3,864,869	\$ 3,966,279	\$ 4,329,827	\$ 4,278,202
Special education	727,581	785,278	958,483	887,449	909,186	942,112	962,243	971,695	993,264	1,051,182
Other instruction	337,817	295,457	302,074	280,789	315,516	274,212	277,800	276,418	291,380	289,490
Support Services:										
Tuition	5,383,314	4,871,773	4,620,664	4,449,711	4,810,835	4,998,471	5,098,442	5,112,774	5,131,722	5,566,450
Student & instruction related services	1,149,998	1,098,149	1,026,639	1,066,856	1,054,179	1,117,388	1,219,322	1,250,378	1,210,523	1,395,969
School administrative services	220,007	219,886	210,625	193,913	196,656	228,646	216,814	225,415	237,086	246,213
General and business administrative services	608,220	618,270	570,864	550,985	578,542	574,301	591,716	641,492	664,123	740,931
Plant operations and maintenance	1,002,651	1,080,275	1,059,435	2,142,972	1,675,342	1,735,858	1,174,218	1,345,041	1,106,820	2,079,332
Pupil transportation	709,765	739,754	685,262	651,928	743,547	733,998	555,751	672,492	655,612	996,729
Business and other support services										
Unallocated employee benefits	2,553,488	2,661,493	2,693,641	2,797,811	2,564,719	2,787,835	2,920,647	3,556,094	7,349,139	6,701,736
Special schools									6,143	5,168
Interest on long-term debt	322,067	274,544	239,847	219,440	177,637	167,925	123,800	99,600	81,075	69,458
Unallocated depreciation	717,813	15,064	109,645	69,285	92,663	89,181	104,501	112,224	113,248	114,579
Total governmental activities expenses	<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>	<u>18,229,902</u>	<u>22,169,962</u>	<u>23,535,439</u>
Business-type activities:										
Food service	219,295	210,856	229,704	203,142	176,818	158,090	160,694	176,722	183,868	164,592
Total business-type activities expense	<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>	<u>176,722</u>	<u>183,868</u>	<u>164,592</u>
Total district expenses	<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>	<u>\$ 18,406,624</u>	<u>\$ 22,353,830</u>	<u>\$ 23,700,031</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ -	\$ -
Operating grants and contributions	1,322,242	919,341	1,032,394	1,239,441	1,035,215	1,133,028	1,270,471	1,472,796	5,309,935	4,615,413
Capital grants and contributions						441,446	627,548	-	-	-
Total governmental activities program revenues	<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>	<u>1,472,796</u>	<u>5,309,935</u>	<u>4,615,413</u>

(Continued)

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

J-2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Business-type activities:</b>										
Charges for services:										
Food service	\$ 192,351	\$ 185,832	\$ 185,870	\$ 148,391	\$ 139,900	\$ 124,002	\$ 123,412	\$ 127,945	\$ 152,721	\$ 129,485
Operating grants and contributions	23,143	18,448	22,282	29,593	24,994	22,666	25,452	21,544	26,675	24,369
Capital grants and contributions										
Total business type activities program revenues	<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>	<u>149,489</u>	<u>179,396</u>	<u>153,854</u>
Total district program revenues	<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>	<u>\$ 1,622,285</u>	<u>\$ 5,489,331</u>	<u>\$ 4,769,267</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (16,820,868)	\$ (15,827,472)	\$ (15,247,864)	\$ (15,895,017)	\$ (15,963,020)	\$ (16,086,966)	\$ (15,208,104)	\$ (16,757,106)	\$ (16,860,027)	\$ (18,920,026)
Business-type activities	(3,801)	(6,576)	(21,552)	(25,158)	(11,924)	(11,422)	(11,830)	(27,233)	(4,472)	(10,738)
Total district-wide net expense	<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>	<u>\$ (16,784,339)</u>	<u>\$ (16,864,499)</u>	<u>\$ (18,930,764)</u>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 15,465,852	\$ 14,662,679	\$ 14,941,270	\$ 15,091,151	\$ 14,936,156	\$ 15,122,858	\$ 15,492,532	\$ 15,744,175	\$ 16,257,137	\$ 16,846,983
Taxes levied for debt service	910,819	912,168	880,961	896,425	902,670	877,890	883,975	461,700	467,100	471,700
Unrestricted grants and contributions	647,470	100,981	364,687	776,383	640,628	509,385	504,346	540,386	552,753	728,279
Investment earnings	2,578	1,411	1,473	1,902	1,634	1,642	1,662	1,665	1,666	30,757
Miscellaneous income	177,301	512,814	114,319	148,119	134,551	107,714	864,287	103,727	149,482	137,787
Adjustments to fixed assets			15,959							
Transfers		11,000						(28,661)	(4,000)	(7,500)
Total governmental activities	<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>	<u>16,822,992</u>	<u>17,424,138</u>	<u>18,208,006</u>
Business-type activities:										
Miscellaneous	515	445	251	13,298	4,333	1,804	127	118	145	236
Adjustments to fixed assets			11,180							
Transfers		(11,000)						28,661	4,000	7,500
Total business-type activities	<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>	<u>28,779</u>	<u>4,145</u>	<u>7,736</u>
Total district-wide	<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>	<u>\$ 16,851,771</u>	<u>\$ 17,428,283</u>	<u>\$ 18,215,742</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ 383,152	\$ 373,581	\$ 1,070,805	\$ 1,018,963	\$ 652,619	\$ 532,523	\$ 2,538,698	\$ 65,886	\$ 564,111	\$ (712,020)
Business-type activities	(3,286)	(17,131)	(10,121)	(11,860)	(7,591)	(9,618)	(11,703)	1,546	(327)	(3,002)
Total district-wide	<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>	<u>\$ 67,432</u>	<u>\$ 563,784</u>	<u>\$ (715,022)</u>

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

J-3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Restricted for:										
Capital reserve	\$ 1,353,579	\$ 1,333,193	\$ 1,334,962	\$ 1,692,372	\$ 2,259,918	\$ 2,055,891	\$ 2,747,291	\$ 2,952,559	\$ 3,534,439	\$ 2,454,857
Future tuition payments	738,653	33,653	250,000	500,000	550,000	600,000	600,000	700,000	800,000	850,000
Maintenance reserve	250,000		200,000	600,000	511,187	411,187	511,187	611,187	699,987	657,537
Excess surplus										
Assigned for:										
Year-end encumbrances	285,307	1,153,834	728,663	151,887	150,154	36,537	19,390	70,171	70,284	195,358
Designated for subsequent year's budget	367,208	213,913	7,502	5,145		14,535	12,328	-	-	
Unassigned	269,186	340,259	299,406	285,937	306,235	321,667	319,394	336,273	324,086	396,542
Total general fund	<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>	<u>\$ 4,670,190</u>	<u>\$ 5,428,796</u>	<u>\$ 4,554,294</u>
All Other Governmental Funds										
Assigned for:										
Year-end encumbrances	\$ -	\$ 6,801	\$ -	\$ 571,585	\$ 152,278	\$ 82,014	\$ 154,200	\$ 83,734	\$ -	
Designated for subsequent year's budget					35					
Unassigned, reported in:										
Capital projects fund				166,565	350,816	362,573	89,734	89,734	132,096	132,096
Debt service fund		16,214	2,000							
Total all other governmental funds	<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>	<u>\$ 173,468</u>	<u>\$ 132,096</u>	<u>\$ 132,096</u>

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

J-4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax levy	\$ 16,376,671	\$ 15,574,847	\$ 15,822,231	\$ 15,987,576	\$ 15,838,826	\$ 16,000,748	\$ 16,376,507	\$ 16,205,875	\$ 16,724,237	\$ 17,318,683
Tuition charges										8,000
Interest earnings	2,578	1,411	1,473	1,902	1,634	1,642	1,662	1,665	1,666	30,757
Miscellaneous	177,301	512,814	114,319	148,119	134,551	111,714	868,287	103,727	151,111	132,771
State sources	1,608,546	812,085	1,175,621	1,822,137	1,496,632	1,931,820	2,218,032	1,803,643	1,962,079	2,336,788
Federal sources	361,166	208,237	221,460	193,687	179,211	152,039	184,333	209,539	159,462	164,465
Total revenue	<u>18,526,262</u>	<u>17,109,394</u>	<u>17,335,104</u>	<u>18,153,421</u>	<u>17,650,854</u>	<u>18,197,963</u>	<u>19,648,821</u>	<u>18,324,449</u>	<u>18,998,555</u>	<u>19,991,464</u>
<b>Expenditures</b>										
Instruction										
Regular Instruction	4,144,820	3,778,079	3,496,330	3,514,447	3,564,839	3,607,904	3,499,117	3,663,208	3,928,611	3,849,352
Special education instruction	727,581	785,278	958,483	887,449	909,186	942,112	962,243	971,695	993,264	1,051,182
Other special instruction	337,817	295,457	302,074	280,789	315,516	274,212	277,800	276,418	291,380	289,490
Other instruction										
Support Services:										
Tuition	5,383,314	4,871,773	4,620,664	4,449,711	4,810,835	4,998,471	5,098,442	5,112,774	5,131,722	5,566,450
Student & instruction related services	1,149,998	1,098,149	1,026,639	1,066,856	1,054,179	1,117,388	1,219,322	1,250,378	1,210,523	1,395,969
School administrative services	220,007	219,886	210,625	193,913	196,656	203,379	216,814	225,415	237,086	246,213
General and business admin. services	565,347	575,398	523,730	505,939	532,211	549,034	539,466	585,380	607,499	683,641
Plant operations and maintenance	1,002,651	1,080,275	1,046,067	1,042,209	1,039,487	1,297,131	1,095,818	1,132,395	1,004,997	1,085,676
Pupil transportation	709,765	739,754	670,918	645,234	736,553	727,304	549,058	665,798	648,849	987,424
Other support services	2,553,488	2,661,493	2,693,641	2,797,811	2,564,719	2,810,475	2,917,375	3,218,447	3,444,011	3,783,288
Special Schools								5,404	6,143	5,168
Capital outlay	623,862	284,964	1,166,092	719,680	716,906	1,188,847	1,820,271	336,642	306,136	1,442,913
Debt service:										
Principal	576,688	602,409	648,168	678,985	709,843	710,000	745,000	355,000	375,000	395,000
Interest and other charges	334,138	293,545	247,007	219,440	192,792	167,925	138,975	106,700	92,100	76,700
Total expenditures	<u>18,329,476</u>	<u>17,286,460</u>	<u>17,610,438</u>	<u>17,002,463</u>	<u>17,343,722</u>	<u>18,594,182</u>	<u>19,079,701</u>	<u>17,905,654</u>	<u>18,277,321</u>	<u>20,858,466</u>
Excess (Deficiency) of revenues over (under) expenditures	196,786	(177,066)	(275,334)	1,150,958	307,132	(396,219)	569,120	418,795	721,234	(867,002)
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing										
Accrued interest on sale of bonds										
Capital contribution										
Transfers in		11,000			209,088	662,169	1,397,698	-	-	
Transfers out					(209,088)	(662,169)	(1,397,698)	(28,661)	(4,000)	(7,500)
Total other financing sources (uses)	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,661)</u>	<u>(4,000)</u>	<u>(7,500)</u>
Net change in fund balances	<u>\$ 196,786</u>	<u>\$ (166,066)</u>	<u>\$ (275,334)</u>	<u>\$ 1,150,958</u>	<u>\$ 307,132</u>	<u>\$ (396,219)</u>	<u>\$ 569,120</u>	<u>\$ 390,134</u>	<u>\$ 717,234</u>	<u>\$ (874,502)</u>
Debt service as a percentage of noncapital expenditures										
	5.14%	5.27%	5.44%	5.52%	5.43%	5.04%	5.12%	2.63%	2.60%	2.43%

Source: District records

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

J-5

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Tuition</u> <u>Refund</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Rentals</u>	<u>Donations</u>	<u>Camp</u> <u>Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2017	48,221	-	-	3,353	50,725			3,093	105,392
2018	56,134	4,000	21,062	1,489	63,573			4,890	151,148
2019	82,609	8,000		15,369	49,450		6,800	6,316	168,544
	<u>\$ 482,299</u>	<u>\$ 20,000</u>	<u>\$ 449,138</u>	<u>\$ 950,531</u>	<u>\$ 540,677</u>	<u>\$ 16,353</u>	<u>\$ 6,800</u>	<u>\$ 38,693</u>	<u>\$ 2,504,491</u>

Source: District records

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

<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Farm Reg.</b>	<b>Qfarm</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Apartment</b>	<b>Total Assessed Value</b>	<b>Public Utilities a</b>	<b>Net Valuation Taxable</b>	<b>Tax-Exempt Property</b>	<b>Total Direct School Tax Rate b</b>	<b>Estimated Actual (County Equalized) Value</b>
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	1,559,947,896
2017	40,279,100	704,245,100	31,533,900	2,697,000	217,751,100	592,852,500	622,300	1,589,981,000	2,001,388	1,591,982,388	75,958,451	1.035	1,525,848,058
2018	40,941,000	703,535,100	30,432,200	2,616,500	226,680,000	594,639,400	622,300	1,599,466,500	1,923,340	1,601,389,840	78,114,151	1.063	1,630,433,601
2019	26,598,100	704,441,300	30,416,100	2,672,800	224,075,800	769,713,000	622,300	1,758,539,400	1,928,442	1,760,467,842	81,683,651	0.996	1,825,460,397

**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	
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	1.019	0.030	1.049	0.489	0.395	1.933
2017	1.006	0.029	1.035	0.499	0.383	1.917
2018	1.034	0.029	1.063	0.500	0.406	1.969
2019	0.969	0.027	0.996	0.399	0.404	1.799

**Source:** Municipal Tax Collector

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

J-8

Taxpayer	2018		Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Prologis Development	\$ 138,146,400	8.63%	One Continental, LLC	\$ 37,000,000	2.18%
Cedarbrook Corporate Center	118,107,000	7.38%	258 Prospect Plains Owner Corp.	28,161,100	1.66%
GLPS US Mgt	83,482,700	5.21%	Morris Cranbury Assoc. LTD	18,187,000	1.07%
Sudler Management	59,095,100	3.69%	Caleast Industrial Investors, LLC	18,050,700	1.06%
Duke Realty	44,987,900	2.81%	Security Capital Industrial Trust	17,067,000	1.01%
Prospect Plains ILP	42,333,600	2.64%	Keystone N.J. Associates	13,533,800	0.80%
DCLBF Cranbury Station Park LLC	41,202,400	2.57%	Teachers Insurance Annuity Assoc.	12,644,700	0.75%
Kerzner Associates, LLC	38,309,800	2.39%	Prologis Dev. Services	11,445,700	0.67%
RREEF America REIT Corp	34,404,900	2.15%	Armkel Cranbury, LLC	10,325,600	0.61%
Teachers Insurance Annuity Assoc.	28,389,700	1.77%	Keystone Cranbury West, LLC	9,092,900	0.54%
<b>Total</b>	<b>\$ 628,459,500</b>	<b>39.24%</b>		<b>\$ 175,508,500</b>	<b>10.35%</b>

**Source:** Municipal Tax Assessor



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

**J-9**

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Calendar Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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%	-
2017	16,205,875	16,205,875	100.00%	-
2018	16,724,237	16,724,237	100.00%	-
2019	17,318,683	17,318,683	100.00%	-

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

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

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

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>b</sup>	Per Capita <sup>c</sup>
	General Obligation Bonds <sup>a</sup>	Unfunded Pension Liability	Capital Leases	Capital Leases				
2010	\$ 6,927,405	\$ -	\$ -	\$ -	\$ -	\$ 6,927,405	3.79%	\$ 1,795
2011	6,336,996	-	-	-	-	6,336,996	3.22%	1,637
2012	5,688,828	-	-	-	-	5,688,828	2.76%	1,464
2013	5,009,843	-	-	-	-	5,009,843	2.48%	1,290
2014	4,300,000	-	-	-	-	4,300,000	2.08%	1,105
2015	3,590,000	-	-	-	-	3,590,000	1.70%	923
2016	2,845,000	-	-	-	-	2,845,000	1.32%	732
2017	2,490,000	-	-	-	-	2,490,000	1.11%	642
2018	2,115,000	-	-	-	-	2,115,000	d	527
2019	1,720,000	-	-	-	-	1,720,000	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**

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable <sup>b</sup>	Per Capita <sup>c</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding <sup>a</sup>		
2010	\$ 6,927,405	\$ -	\$ 6,927,405	0.41%	\$ 1,795
2011	6,336,996	-	6,336,996	0.40%	1,637
2012	5,688,828	-	5,688,828	0.37%	1,464
2013	5,009,843	-	5,009,843	0.32%	1,290
2014	4,300,000	-	4,300,000	0.28%	1,105
2015	3,590,000	-	3,590,000	0.23%	923
2016	2,845,000	-	2,845,000	0.18%	732
2017	2,490,000	-	2,490,000	0.16%	642
2018	2,115,000	-	2,115,000	0.13%	527
2019	1,720,000	-	1,720,000	0.10%	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, 2018**

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Cranbury	\$ 19,285,160 (1)	100.000%	\$ 19,285,160
Middlesex County General Obligation Debt	465,543,163 (1)	1.529% (2)	7,118,155
			26,403,315
Subtotal, overlapping debt			26,403,315
Cranbury School District Direct Debt			1,720,000
<b>Total direct and overlapping debt</b>			<b>\$ 28,123,315</b>

**Sources:**

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Township's share of the 2018 Equalized Valuation. The source for this computation was the 2018 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)*

J-13

**Legal Debt Margin Calculation for Fiscal Year 2019**

	Equalized valuation basis (1)
2016	\$ 1,479,593,380
2017	1,611,902,879
2018	1,652,000,103
	<u>\$ 4,743,496,362</u>
Average equalized valuation of taxable property	<u>\$ 1,581,165,454</u>
Debt limit (3% of average equalized valuation) (2)	47,434,964
Net bonded school debt (3)	1,720,000
Legal debt margin	<u>\$ 45,714,964</u>

	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Debt limit	\$ 54,563,287	\$ 53,429,100	\$ 51,568,549	\$ 52,641,830	\$ 47,083,121	\$ 44,963,842	\$ 45,539,537	\$ 44,689,479	\$ 46,327,289	\$ 47,434,964
Total net debt applicable to limit (3)	<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>	<u>2,490,000</u>	<u>2,115,000</u>	<u>1,720,000</u>
Legal debt margin	<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>	<u>\$ 42,199,479</u>	<u>\$ 44,212,289</u>	<u>\$ 45,714,964</u>
Total net debt applicable to the limit as a percentage of debt limit	12.70%	11.86%	11.03%	9.52%	9.13%	7.98%	6.25%	5.57%	4.57%	3.63%

**Sources:**

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

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

J-14

<b>Year</b>	<b>Population <sup>a</sup></b>	<b>Personal Income <sup>b</sup></b>	<b>Per Capita Personal Income <sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2010	3,860	\$ 182,601,160	\$ 47,306	4.0%
2011	3,872	196,716,960	50,805	3.9%
2012	3,885	206,231,340	53,084	3.9%
2013	3,883	201,698,552	51,944	3.9%
2014	3,891	207,044,001	53,211	5.1%
2015	3,891	210,810,489	54,179	4.0%
2016	3,889	215,995,060	55,540	3.3%
2017	3,878	223,365,044	57,598	3.4%
2018	4,012	e	e	3.3%
2019	e	e	e	e

**Source:**

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

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

J-16

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	54	51	50	50	50	49	47	47	48	48
Special education	13	13	14	14	14	21	22	22	22	23
Support Services:										
Student & instruction related services	9	10	11	12	11	12	12	13	13	13
School administrative services	5	5	5	5	5	5	6	6	5	6
Plant operations and maintenance	7	7	7	7	7	7	7	7	5	5
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Business and other support services	3	3	3	3	3	4	4	4	4	4
Total	<u>92</u>	<u>90</u>	<u>91</u>	<u>92</u>	<u>91</u>	<u>99</u>	<u>99</u>	<u>100</u>	<u>98</u>	<u>100</u>

**Source:**  
 District Personnel Records

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

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<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures <sup>a</sup></b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff <sup>b</sup></b>	<b>Pupil/Teacher Ratio Elementary</b>	<b>Average Daily Enrollment (ADE) <sup>c</sup></b>	<b>Average Daily Attendance (ADA) <sup>c</sup></b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
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	-4.29%	96.49%
2017	462	17,107,312	37,029	11.25%	69	1:10	466.3	448.1	-5.66%	96.10%
2018	468	17,504,085	37,402	1.01%	70	1:10	473.1	453.4	1.19%	95.85%
2019	476	18,943,853	39,798	6.41%	71	1:10	471.6	452.1	-0.29%	95.87%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

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

N/A Information not available



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

J-18

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>District Building</b>										
<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	614	609	581	554	550	515	492	466	473	472

Number of Schools at June 30, 2019  
 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
<b>* School Facilities</b>											
Cranbury Public School	\$ 78,560	\$ 114,740	\$ 83,129	\$ 104,430	\$ 87,203	\$ 168,359	\$ 105,876	\$ 77,806	\$ 63,915	\$ 65,662	\$ 949,680
Project # (s)											
Total School Facilities	<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>\$ 77,806</u>	<u>\$ 63,915</u>	<u>\$ 65,662</u>	<u>\$ 949,680</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, 2019**

**J-20**

	<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	\$ 500,000,000	\$ 100,000	\$ 2,500
General liability	20,000,000/50,000,000	100,000	
Auto liability	20,000,000	100,000	
Boiler and machinery	100,000,000	10,000	2,500
Workers' compensation	5,000,000	100,000	
Employee Dishonesty Bond	500,000		1,000
Forgery & Alteration	50,000		1,000
Money & Securities	50,000		1,000
Sexual Molestation Liability	10,000,000/30,000,000		
School Board Legal Liability	20,000,000	100,000	15,000
Cyber Liability	2,000,000	100,000	10,000
Employers Liability	5,000,000		
Environmental impairment liability	1,000,000/25,000,000		10,000
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 Company
- (2) Selective Insurance Company

**Source: District records**

**Single Audit Section**

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

651 Route 73 North, Suite 402  
 Marlton, New Jersey 08053  
 (856) 983-2244  
 Fax (856) 983-6674  
 E-Mail: rinverso@iscpasnj.com

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

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
 REQUIRED BY NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

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

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

I have audited Cranbury Township School District (School District), in the County of Middlesex, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State 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, 2019. 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 state statutes, regulations, and the terms and conditions of its state awards 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

### Opinion on Each Major State Program

In my opinion, the Cranbury Township School District, in the County of Middlesex, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

### 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 State of New Jersey Circular 15-08-OMB, 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.

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

**INVERSO & STEWART, LLC**

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey  
November 21, 2019

CRANBURY TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2019

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, 2018			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2019					
						(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor			
<b>U.S. Department of Education</b>																		
<b>Passed-through State Department of Education:</b>																		
Special Revenue Fund:																		
Title I:																		
Fiscal Year 2019	84.010	S010A180030	ESSA097019	\$ 30,453	7/1/18 - 6/30/19	\$ -	\$ -	\$ -	\$ -	\$ 18,622	\$ (30,453)	\$ -	\$ (11,831)	\$ -	\$ -			
Fiscal Year 2018	84.010	S010A170030	ESSA097018	30,227	7/1/17 - 6/30/18	(17,722)				17,722			-					
Title II A:																		
Fiscal Year 2019	84.367A	S367A180029	ESSA097019	9,578	7/1/18 - 6/30/19						(6,120)		(6,120)					
Fiscal Year 2018	84.367A	S367A170029	ESSA097018	8,979	7/1/17 - 6/30/18	(8,979)				8,979			-					
Title IV:																		
Fiscal Year 2019	84.424	S424A180031	ESSA097019	10,000	7/1/18 - 6/30/19					8,600	(9,101)		(501)					
Fiscal Year 2018	84.424	S424A170031	ESSA097018	10,000	7/1/17 - 6/30/18	(7,000)				7,000			-					
I.D.E.A. Part B - Basic:																		
Fiscal Year 2019	84.027	H027A180100	IDEA097019	112,942	7/1/18 - 6/30/19					97,742	(112,942)		(15,200)					
Fiscal Year 2018	84.027	H027A170100	IDEA097018	113,555	7/1/17 - 6/30/18	(12,970)				12,970			-					
I.D.E.A. Part B - Preschool:																		
Fiscal Year 2019	84.173	H173A180114	IDEA097019	5,519	7/1/18 - 6/30/19					3,329	(5,519)		(2,190)					
Fiscal Year 2018	84.173	H173A170114	IDEA097018	5,446	7/1/17 - 6/30/18	(1,562)				1,562			-					
Total U.S. Department of Education						(48,233)				176,526	(164,135)		(35,842)					
<b>U.S. Department of Agriculture</b>																		
<b>Passed-through State Department of Education:</b>																		
Enterprise Fund:																		
Food Distribution Program:																		
Fiscal Year 2019	10.565	191NJ304N1099	N/A	5,308	7/1/18 - 6/30/19					5,308	(5,308)		-					
National School Lunch Program																		
Fiscal Year 2019	10.555	191NJ304N1099	N/A	17,945	7/1/18 - 6/30/19					16,674	(17,945)		(1,271)					
Fiscal Year 2018	10.555	181NJ304N1099	N/A	17,829	7/1/17 - 6/30/18	(1,563)				1,563			-					
Total U.S. Department of Agriculture						(1,563)				23,545	(23,253)		(1,271)					
Total Federal Awards						\$ (49,796)	\$ -	\$ -	\$ -	\$ 200,071	\$ (187,388)	\$ -	\$ (37,113)	\$ -	\$ -			

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, 2019

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2018			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2019		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>State Department of Education</b>													
General Fund:													
Special Education Categorical Aid	19-495-034-5120-089	\$ 404,655	7/1/18- 6/30/19	\$ -	\$ -	\$ -	\$ -	\$ 367,231	\$ (404,655)	\$ -	\$ (37,424)	\$ -	\$ -
Special Education Categorical Aid	18-495-034-5120-089	404,655	7/1/17- 6/30/18	(38,925)				38,925					
Transportation Aid	19-495-034-5120-014	163,336	7/1/18- 6/30/19					148,230	(163,336)		(15,106)		
Transportation Aid	18-495-034-5120-014	65,882	7/1/17- 6/30/18	(6,337)				6,337					
Security Aid	19-495-034-5120-084	13,756	7/1/18- 6/30/19					12,484	(13,756)		(1,272)		
Security Aid	18-495-034-5120-084	13,756	7/1/17- 6/30/18	(1,323)				1,323					
PARCC Readiness Aid	18-495-034-5120-098	7,650	7/1/17- 6/30/18	(736)				736					
Per Pupil Growth Aid	18-495-034-5120-097	7,650	7/1/17- 6/30/18	(736)				736					
Professional Learning Community Aid	18-495-034-5120-101	7,370	7/1/17- 6/30/18	(709)				709					
Extraordinary Special Education Costs	19-495-034-5120-044	71,738	7/1/18- 6/30/19						(71,738)		(71,738)		
Extraordinary Special Education Costs	18-495-034-5120-044	38,443	7/1/17- 6/30/18	(38,443)				38,443					
Nonpublic Transportation Aid	19-495-034-5120-014	7,830	7/1/18- 6/30/19						(7,830)		(7,830)		
Nonpublic Transportation Aid	18-495-034-5120-014	10,440	7/1/17- 6/30/18	(10,440)				10,440					
On-behalf TPAF Post Retirement Medical	19-495-034-5094-001	415,828	7/1/18- 6/30/19						(415,828)				
On-behalf TPAF Pension Contribution	19-495-034-5094-002	916,733	7/1/18- 6/30/19						(916,733)				
On-behalf TPAF LTDI	19-495-034-5094-004	990	7/1/18- 6/30/19						(990)				
Reimbursed TPAF Social Security Contr.	19-495-034-5094-003	346,958	7/1/18- 6/30/19						(346,958)		(16,663)		
Reimbursed TPAF Social Security Contr.	18-495-034-5094-003	341,676	7/1/17- 6/30/18	(15,890)				15,890					
Total General Fund				(113,539)	-	-	-	2,305,330	(2,341,824)	-	(150,033)	-	-
Special Revenue Fund:													
Nonpublic Textbook Aid	18-100-034-5120-064	1,150	7/1/17- 6/30/18			335					335		-
Nonpublic Technology Aid	18-100-034-5120-373	777	7/1/17- 6/30/18			51					51		-
Nonpublic Security Aid	18-100-034-5120-509	1,575	7/1/17- 6/30/18			1,575					1,575		-
Nonpublic Nursing Aid	18-100-034-5120-070	2,037	7/1/17- 6/30/18			1,417					1,417		-
Auxilliary Services:													
Transportation	19-100-034-5120-068	102	7/1/18- 6/30/19					102					102
Handicapped Services:													
Corrective Speech	19-100-034-5120-066	995	7/1/18- 6/30/19					893					893
Total Special Revenue Fund				-	-	3,378	-	995	-	3,378	-	-	995
Total Department of Education				(113,539)	-	3,378	-	2,306,325	(2,341,824)	3,378	(150,033)	-	995
New Jersey School Development Authority													
Capital Projects Fund													
Communications and Safety	0970-030-14-1002	441,446	7/1/14 - 6/30/15	(115,256)							(115,256)		
Mechanical Upgrades	0970-030-14-1003	487,587	7/1/15 - 6/30/16	(487,587)				487,587					
				\$ (602,843)				487,587			(115,256)		
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2019	19-100-010-3350-023	1,116	7/1/18 - 6/30/19					1,038	(1,116)		(78)		
Fiscal Year 2018	18-100-010-3350-023	1,155	7/1/17 - 6/30/18	(105)				105					
Total Department of Agriculture				(105)				1,143	(1,116)		(78)		
Total State Financial Assistance				\$ (716,487)	\$ -	\$ 3,378	\$ -	\$ 2,795,055	\$ (2,342,940)	\$ 3,378	\$ (265,367)	\$ -	\$ 995
Less: State Financial Expenditures Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted) (916,733)													
On-Behalf TPAF Contribution - LTDI (Non-Budgeted) (990)													
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted) (415,828)													
Total State Financial Expenditures Subject to Major Program Determination \$ (1,009,389)													

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, 2019**

**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*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or two June state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$5,036) in the general fund and \$330 in 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.

**Cranbury Township School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2019  
(Continued)**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

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	\$ -	\$ 2,336,788	\$ 2,336,788
Special Revenue	164,465		164,465
Food Service	<u>23,253</u>	<u>1,116</u>	<u>24,369</u>
Total	<u>\$ 187,718</u>	<u>\$ 2,337,904</u>	<u>\$ 2,525,622</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.

**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, 2019. 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, 2019.

**6. MAJOR PROGRAMS**

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





**CRANBURY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

No findings identified.

**CRANBURY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 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 Circular 15-08-OMB.

**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**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, 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 Circular 15-08-OMB.

**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.