

**SCHOOL DISTRICT
OF

CRANBURY**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

Comprehensive Annual Financial Report

of the

Cranbury Township Board of Education

Cranbury, New Jersey

For the Fiscal Year Ended June 30, 2020

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

CRANBURY TOWNSHIP SCHOOL DISTRICT

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	10
-------------------------------------	----

Required Supplementary Information - Part I	
Management's Discussion and Analysis	14

Basic Financial Statements

A. District-wide Financial Statements:

A-1	Statement of Net Position	24
A-2	Statement of Activities	25

B. Fund Financial Statements:

Governmental Funds:

B-1	Balance Sheet	27
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	28
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29

Proprietary Funds:

B-4	Statement of Net Position	30
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	31
B-6	Statement of Cash Flows	32

Fiduciary Funds:

B-7	Statement of Fiduciary Net Position	33
B-8	Statement of Changes in Fiduciary Net Position	34

Notes to the Financial Statements	35
--	----

Required Supplementary Information - Part II

C.	Budgetary Comparison Schedules	
C-1	Budgetary Comparison Schedule - General Fund	68
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	74

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	75
-----	-------------------------------	----

Required Supplementary Information - Part III

L.	Schedules Related to Accounting and Reporting for Pensions (GASB-68)	
L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	77
L-2	Schedule of the District Contributions - Public Employees Retirement System	78
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Pension and Annuity Fund	79
M.	Schedule Related to Accounting and Reporting for OPEB (GASB-75)	
M-1	Schedule of Changes in the District's Total OPEB Liability Share of the Net OPEB Liability and Related Ratios	80

	Notes to the Required Supplementary Information - Part III	81
--	---	----

Other Supplementary Information

D.	School Level Schedules :	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	84
F.	Capital Projects Fund:	
F-1	Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	87
G.	Proprietary Fund:	
	Enterprise Fund:	
G-1	Statement of Net Position	92
G-2	Statement of Revenues, Expenses and Changes in Fund Net Position	93
G-3	Statement of Cash Flows	94
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	96
H-2	Combining Statement of Changes in Fiduciary Net Position	97
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	98
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	99

I. Long-Term Debt:

I-1	Schedule of Serial Bonds	101
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Budgetary Comparison Schedule - Debt Service Fund	102

STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	104
J-2	Changes in Net Position, Last Ten Fiscal Years	105
J-3	Fund Balances, Governmental Funds, Last ten Fiscal Years	107
J-4	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	108
J-5	General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	109
J-6	Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	110
J-7	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	111
J-8	Principal Property Tax Payers, Current Year and Nine Years Ago	112
J-9	Property Tax Levies and Collections, Last Ten Fiscal Years	113
J-10	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	114
J-11	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	115
J-12	Ratios of Overlapping Governmental Activities Debt, As of December 31, 2019	116
J-13	Legal Debt Margin Information, Last Ten Fiscal Years	117
J-14	Demographic and Economic Statistics	118
J-15	Principal Employers, Current Year & Nine Years Ago (information not available)	N/A
J-16	Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years	119
J-17	Operating Statistics, Last Ten Fiscal Years	120
J-18	School Building Information, Last Ten Fiscal Years	121
J-19	Schedule of Required Maintenance, Last Ten Fiscal Years	122
J-20	Insurance Schedule	123

SINGLE AUDIT SECTION

K-1	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	125
K-2	Report on Compliance for Each Program and Report on Internal Control Over Compliance Required by New Jersey Circular 15-08-OMB	127
K-3	Schedule of Expenditures of Federal Awards, Schedule A	129
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	130
K-5	Notes to the Schedules of Awards and Financial Assistance	131
K-6	Schedule of Findings and Questioned Costs	133
K-7	Financial Statement Findings	135
K-7	Federal Awards and State Financial Assistance Findings and Questioned Costs	136
K-8	Summary Schedule of Prior Audit Findings	137

Introductory Section



December 18, 2020

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, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 2019-2020 fiscal year with a total enrollment of 729 students. In prior years, student enrollment at the Cranbury School has been decreasing slightly. During the 2019-2020 school year, student enrollment at the Cranbury School remained steady while enrollment at the high school level decreased slightly due to a large graduating class. A recent

demographic study predicts enrollment across all grade levels to decrease through 2021. The following data illustrates the changes in student enrollment of the district over the past ten years.

STUDENT ENROLLMENT

<u>Fiscal Year</u>	<u>PK-8 Enrollment</u>	<u>Percent Change</u>	<u>High School Enrollment</u>	<u>Percent Change</u>	<u>Total Enrollment</u>
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	-2.10%	749
2019-2020	479	0.00%	250	-7.41%	729

2. ECONOMIC CONDITION AND OUTLOOK:

During the 2019-2020 school year, the Cranbury Township School District received \$633,272 in State Aid, which is 3.2% 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 2020-2021 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, 2020.

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.

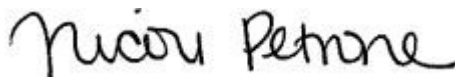
9. OTHER INFORMATION:

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.

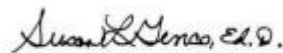
10. ACKNOWLEDGEMENTS:

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:

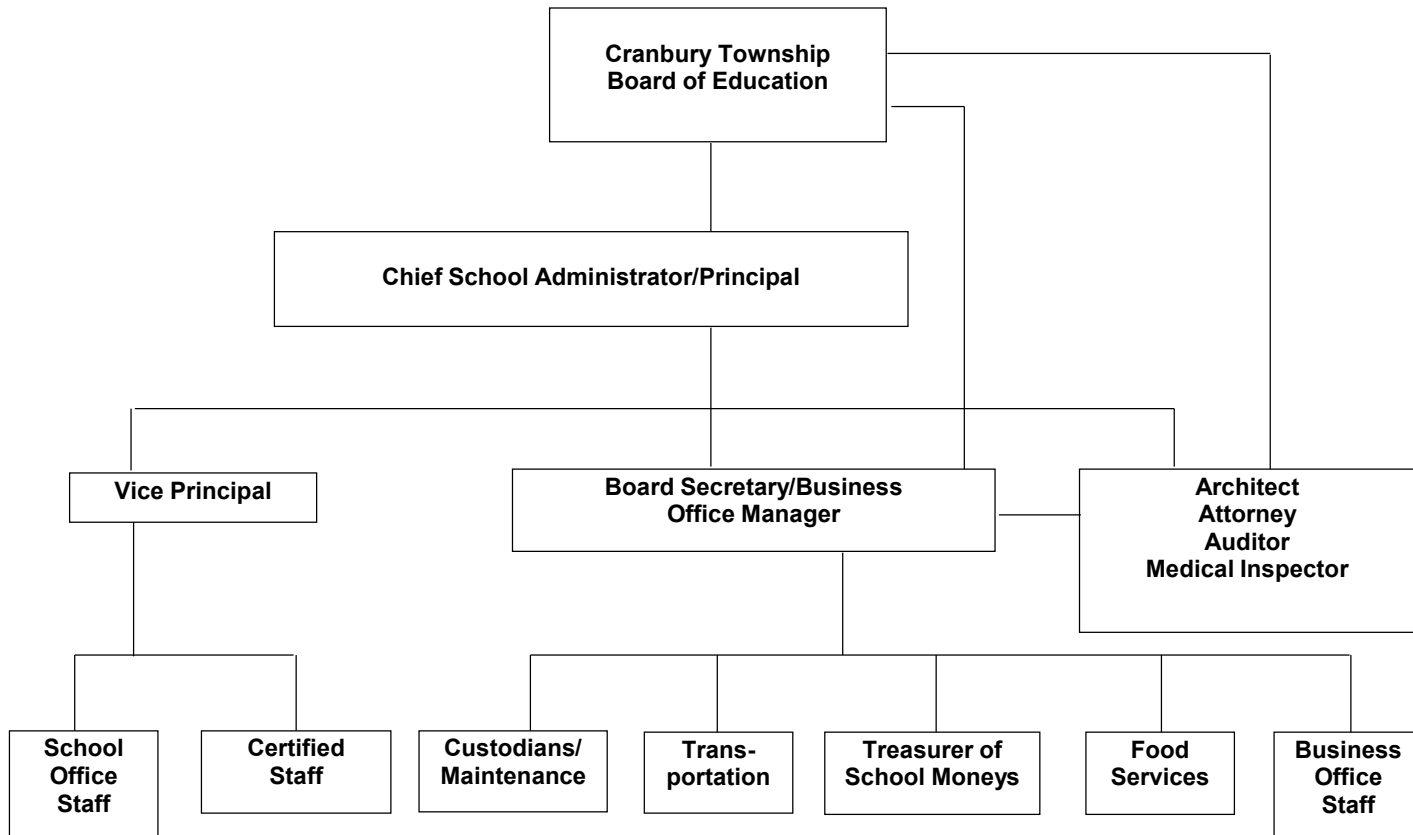


Nicole Petrone, CPA
Board Secretary/Business Administrator



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, 2020

Members of the Board of Education:

Term Expires

Karen Callahan, President	2021
Pramod Chivate, Vice President	2022
Robert Christopher	2020
Amy Dixon	2020
Laura Hoffman	2022
Dominique Jones	2021
Peter Katz	2021
Lindsay McDowell	2022
Lisa Rue	2020

Other Officials:

Susan L. Genco, Ed. D. Chief School Administrator/Principal
Nicole Petrone, Business Administrator/Board Secretary
Denise Marabello, Treasurer of School Monies
Anthony P. Sciarrillo, Esq., Solicitor

CRANBURY TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Inverso & Stewart, LLC
651 Route 73 North, Suite 402
Marlton, NJ 08053

Attorney

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

Architect

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
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E-Mail: rinverso@inversocpa.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 School District, in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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 School District, in the County of Middlesex, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 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 schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are also presented for purposes of additional analysis and are 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 December 18, 2020 on my consideration of the Cranbury 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 School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC

Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R. Inverso'.

Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey
December 18, 2020

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, 2020**

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, 2020. 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 \$10,038,481 (*net position*).
- Governmental activities have a deficit unrestricted net position of \$2,793,602. 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 \$219,329 or a 2.14% increase from the prior fiscal year-end balance. The majority of the decrease is attributable the payment of current debt obligations and the capital projects program.
- Fund balance of the School District's governmental funds decreased by \$138,840 resulting in an ending fund balance of \$4,547,550. This decrease was mainly the result of operations in the Capital Projects Fund.
- Business-type activities have unrestricted net position of \$8,963, 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 \$1,139,423 which is the direct result of current year payments on existing debt obligations, the decrease 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 2021. 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 2021.

The assets of the primary government activities exceeded liabilities by \$10,023,196 with a deficit unrestricted net position balance of \$2,793,602. 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 \$8,745,977, in land, improvements, buildings and equipment which provide the services to the School District's public school students, represents 87.26% of the School District's net position. Net position of \$4,070,821 has been restricted as follows:

Restricted for Future Capital Projects	\$ 2,099,616
Restricted for Future Tuition Costs	900,000
Restricted for Future Maintenance Costs	608,269
Restricted for Encumbrances	404,687
Designated for subsequent year's budget	<u>58,249</u>
	<u>\$ 4,070,821</u>

**Comparative Summary of Net Position
As of June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current assets	\$ 4,565,499	\$ 4,721,659	\$ 12,237	\$ 14,935	\$ 4,577,736	\$ 4,736,594
Capital assets	<u>10,060,977</u>	<u>10,643,364</u>	<u>6,322</u>	<u>4,025</u>	<u>10,067,299</u>	<u>10,647,389</u>
Total assets	<u>14,626,476</u>	<u>15,365,023</u>	<u>18,559</u>	<u>18,960</u>	<u>14,645,035</u>	<u>15,383,983</u>
Deferred Outflows of Resources	<u>688,128</u>	<u>1,076,424</u>			<u>688,128</u>	<u>1,076,424</u>
LIABILITIES						
Current liabilities	609,348	597,700	3,274	14,785	612,622	612,485
Noncurrent liabilities	<u>3,343,463</u>	<u>4,505,766</u>			<u>3,343,463</u>	<u>4,505,766</u>
Total Liabilities	<u>3,952,811</u>	<u>5,103,466</u>	<u>3,274</u>	<u>14,785</u>	<u>3,956,085</u>	<u>5,118,251</u>
Deferred Inflows of Resources	<u>1,338,597</u>	<u>1,084,346</u>			<u>1,338,597</u>	<u>1,084,346</u>
Net Position	<u>\$ 10,023,196</u>	<u>\$ 10,253,635</u>	<u>\$ 15,285</u>	<u>\$ 4,175</u>	<u>\$ 10,038,481</u>	<u>\$ 10,257,810</u>
Net Position Consists of:						
Net investment in Capital Assets	8,745,977	8,923,364	6,322	4,025	8,752,299	8,927,389
Restricted Assets	4,070,821	4,289,848			4,070,821	4,289,848
Unrestricted Assets	<u>(2,793,602)</u>	<u>(2,959,577)</u>	<u>8,963</u>	<u>150</u>	<u>(2,784,639)</u>	<u>(2,959,427)</u>
Net Position	<u>\$ 10,023,196</u>	<u>\$ 10,253,635</u>	<u>\$ 15,285</u>	<u>\$ 4,175</u>	<u>\$ 10,038,481</u>	<u>\$ 10,257,810</u>

Cranbury School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
Revenues:						
Charges for services	\$ 8,000	\$ -	\$ 95,511	\$ 129,485	\$ 103,511	\$ 129,485
Operating Grants and contributions	4,308,843	4,615,413	24,908	24,369	4,333,751	4,639,782
Capital Grants and contributions					-	-
Property taxes	17,745,728	17,318,683			17,745,728	17,318,683
State aid - unrestricted	684,375	728,279			684,375	728,279
Other revenues	140,124	168,544	2,529	236	142,653	168,780
Total Revenues	22,887,070	22,830,919	122,948	154,090	23,010,018	22,985,009
Expenses:						
Governmental Activities:						
Instruction	5,647,013	5,618,874			5,647,013	5,618,874
Tuition	5,497,372	5,566,450			5,497,372	5,566,450
Related Services	1,446,336	1,395,969			1,446,336	1,395,969
Administrative Services	992,795	987,144			992,795	987,144
Operations and Maintenance	2,172,017	2,079,332			2,172,017	2,079,332
Transportation	955,678	996,729			955,678	996,729
Employee benefits	6,194,309	6,701,736			6,194,309	6,701,736
Special Schools	3,376				3,376	
Interest on debt	53,275	69,458			53,275	69,458
Other	115,366	119,747			115,366	119,747
Business-Type Activities:						
Food Service			151,810	164,592	151,810	164,592
Total Expenses	23,077,537	23,535,439	151,810	164,592	23,229,347	23,700,031
Increase (Decrease) in Net Position before transfers	(190,467)	(704,520)	(28,862)	(10,502)	(219,329)	(715,022)
Adjustment to fixed assets					-	-
Transfers	(39,972)	(7,500)	39,972	7,500		
Change in Net Position	(230,439)	(712,020)	11,110	(3,002)	(219,329)	(715,022)
Net Position, July 1	10,253,635	10,965,655	4,175	7,177	10,257,810	10,972,832
Net Position, June 30	\$ 10,023,196	\$ 10,253,635	\$ 15,285	\$ 4,175	\$ 10,038,481	\$ 10,257,810

Governmental Activities

Governmental activities decreased the net position of the School District by \$219,329 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 \$405,000.
- Results of operations of the governmental funds (\$138,840).

Business-type Activities

Business-type activities increased the School District's net position by \$11,110. Key elements of the increase in net position for governmental activities are as follows:

- The Food Services Fund operated at a gain 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 \$4,547,550, a decrease of \$138,840 in comparison with the prior year. This decrease is primarily the results of operations in the capital projects fund.

The unassigned fund balance for the School District at the end of the fiscal year represents the General Fund unassigned fund balance of \$476,729. 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 \$2,099,616, 2) reserved for encumbrances \$404,687, reserved for future maintenance costs \$608,269, reserved for future tuition payments \$900,000 and designated for subsequent year's budget \$58,249.

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 \$537,366, while total fund balance (budgetary basis) was \$4,608,187. 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 \$19,932,311. Unassigned fund balance (budgetary basis) represents 2.70% of expenditures while total fund balance (budgetary basis) represents 23.12% 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, 2020, totaled \$10,067,299 (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 \$580,090, or 5.45%. The decrease is due to the current year depreciation expense.

Capital Assets (net of accumulated depreciation) June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
Land	\$ 451,596	\$ 451,596	\$ -	\$ -	\$ 451,596	\$ 451,596
Const. in Progress					-	-
Site Improvements	797,814	851,436			797,814	851,436
Building and Building Improvements	8,620,123	9,136,763			8,620,123	9,136,763
Equipment	191,444	203,569	6,322	4,025	197,766	207,594
Capital Assets, net	<u>\$ 10,060,977</u>	<u>\$ 10,643,364</u>	<u>\$ 6,322</u>	<u>\$ 4,025</u>	<u>\$ 10,067,299</u>	<u>\$ 10,647,389</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, 2020, the School District had total bonded debt outstanding of \$1,315,000 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 \$182,219 in compensated absences payable as of June 30, 2020.

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 2020-21 fiscal year:

- The 2020-21 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 2020-21 fiscal year, Cranbury Township Board of Education received \$716,080 in State Aid, which represents only 3.75% of the total budget. The 2020-21 General Fund budget decreased by \$817,200 or a 4.1% decrease. Due to an increase in net valuation taxable, the 2020 tax rate decreased .021 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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,467,037	\$ 4,457	\$ 1,471,494
Receivables, net	331,994	1,089	333,083
Inventory		6,691	6,691
Restricted Assets:			
Cash and Cash Equivalents	2,766,468		2,766,468
Capital Assets, net (Note 5)	10,060,977	6,322	10,067,299
Total Assets	14,626,476	18,559	14,645,035
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	688,128		688,128
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	15,314,604	18,559	15,333,163
LIABILITIES:			
Accounts Payable			
Related to Pension	137,091		137,091
Other		4,188	4,188
Internal Balances	11,500	(11,500)	
Intergovernmental Payables	3,216		3,216
Accrued Interest Payable	24,108		24,108
Unearned Revenue	3,233	10,586	13,819
Noncurrent Liabilities:			
Due within one year	430,200		430,200
Due beyond one year	3,343,463		3,343,463
Total Liabilities	3,952,811	3,274	3,956,085
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	1,338,597		1,338,597
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,291,408	3,274	5,294,682
NET POSITION:			
Net investment in Capital Assets	8,745,977	6,322	8,752,299
Restricted for:			
Capital projects	2,099,616		2,099,616
Other purposes	1,971,205		1,971,205
Unrestricted	(2,793,602)	8,963	(2,784,639)
Total Net Position	\$ 10,023,196	\$ 15,285	\$ 10,038,481

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, 2020

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	\$ 4,286,497	\$ 8,000	\$ 28,132	\$ -	\$ (4,250,365)	\$ -	\$ (4,250,365)
Special Education	1,053,672		122,767		(930,905)		(930,905)
Other instruction	306,844				(306,844)		(306,844)
Support Services:					-		-
Tuition	5,497,372				(5,497,372)		(5,497,372)
Student & instruction related services	1,446,336		27,017		(1,419,319)		(1,419,319)
General administrative services	449,417				(449,417)		(449,417)
School administrative services	249,733				(249,733)		(249,733)
Central administrative services	293,645				(293,645)		(293,645)
Plant operations and maintenance	2,172,017				(2,172,017)		(2,172,017)
Pupil transportation	955,678				(955,678)		(955,678)
Employee benefits	6,194,309		4,130,927		(2,063,382)		(2,063,382)
Special Schools	3,376				(3,376)		(3,376)
Interest on long-term debt	53,275				(53,275)		(53,275)
Unallocated depreciation and amortization	115,366				(115,366)		(115,366)
Total Governmental Activities	23,077,537	8,000	4,308,843	-	(18,760,694)	-	(18,760,694)
Business-Type Activities:							
Food service	151,810	95,511	24,908			(31,391)	(31,391)
Total Business-Type Activities	151,810	95,511	24,908	-	-	(31,391)	(31,391)
Total Primary Government	\$ 23,229,347	\$ 103,511	\$ 4,333,751	\$ -	(18,760,694)	(31,391)	(18,792,085)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					17,280,028		17,280,028
Taxes levied for debt service					465,700		465,700
Federal and State aid not restricted					684,375		684,375
Investment Earnings					27,728	157	27,885
Miscellaneous Income					112,396		112,396
Contributed Capital						2,372	2,372
Transfer					(39,972)	39,972	
Total general revenues, special items, extraordinary items and transfers					18,530,255	42,501	18,572,756
Change in Net Position					(230,439)	11,110	(219,329)
Net Position - July 1, 2019					10,253,635	4,175	10,257,810
Net Position - June 30, 2020					\$ 10,023,196	\$ 15,285	\$ 10,038,481

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ 1,413,606	\$ -	\$ 53,431	\$ -	\$ 1,467,037
Interfund receivable	191,201				191,201
Receivables, net					
State	190,975				190,975
Federal		36,103			36,103
Other		4,792			4,792
Restricted assets:					
Cash and cash equivalents	2,766,468				2,766,468
Total Assets	<u>\$ 4,562,250</u>	<u>\$ 40,895</u>	<u>\$ 53,431</u>	<u>\$ -</u>	<u>\$ 4,656,576</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ -	\$ -	\$ -	\$ -
Intergovernmental payable:					
State		3,216			3,216
Interfund payable	11,500	37,646	53,431		102,577
Unearned revenues	3,200	33			3,233
Total Liabilities	<u>14,700</u>	<u>40,895</u>	<u>53,431</u>		<u>109,026</u>
Fund Balances:					
Restricted for:					
Capital reserve	2,099,616				2,099,616
Tuition reserve	900,000				900,000
Maintenance reserve	608,269				608,269
Assigned to:					
Year-end encumbrances	404,687				404,687
Designated for subsequent year's budget	58,249				58,249
Unassigned	476,729				476,729
Total Fund Balances	<u>4,547,550</u>				<u>4,547,550</u>
Total Liabilities and Fund Balances	<u>\$ 4,562,250</u>	<u>\$ 40,895</u>	<u>\$ 53,431</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,705,755 and the accumulated depreciation is \$10,644,778. 10,060,977

Accrued interest on debt is not due and payable in the current period and therefore is not reported as a liability in the funds. (24,108)

Accounts payable related to the April 1, 2021 required PERS contribution that is not to be liquidated with current financial resources. (137,091)

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	\$ 688,128	
Net Pension Liability	(2,276,444)	
Deferred Inflows of resources from Pensions	(1,338,597)	(2,926,913)

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	\$ (1,315,000)	
Compensated Absences Payable	(182,219)	(1,497,219)

Net position of governmental activities \$ 10,023,196

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 17,280,028	\$ -	\$ -	\$ 465,700	\$ 17,745,728
Tuition	8,000				8,000
Interest earned on capital reserve	19,446				19,446
Interest earned on maintenance reserve	8,282				8,282
Miscellaneous	112,396				112,396
Total local sources	17,428,152			465,700	17,893,852
Local sources		2,456			2,456
State sources	2,543,679	4,364	(115,256)		2,432,787
Federal sources		171,096			171,096
Total Revenues	19,971,831	177,916	(115,256)	465,700	20,500,191
EXPENDITURES:					
Current expense:					
Regular instruction	3,867,043	28,132			3,895,175
Special education instruction	930,905	122,767			1,053,672
Other instruction	306,844				306,844
Support services and undistributed costs:					
Tuition	5,497,372				5,497,372
Student & instruction related services	1,419,319	27,017			1,446,336
General administrative services	420,576				420,576
School administrative services	249,733				249,733
Central administrative services	264,803				264,803
Plant operations and maintenance	996,697				996,697
Pupil transportation	946,373				946,373
Employee benefits	3,873,334				3,873,334
Capital outlay	1,179,068				1,179,068
Special Schools	3,376				3,376
Debt service:					
Principal				405,000	405,000
Interest and other charges				60,700	60,700
Total Expenditures	19,955,443	177,916		465,700	20,599,059
Excess (Deficiency) of Revenues over (under) Expenditures	16,388		(115,256)		(98,868)
Other Financing Sources (Uses):					
Transfers in	132,096		115,256		247,352
Transfers out	(155,228)		(132,096)		(287,324)
Total Other Financing Sources (Uses)	(23,132)		(16,840)		(39,972)
Net Change in Fund Balances	(6,744)		(132,096)		(138,840)
Fund Balances - July 1, 2019	4,554,294		132,096		4,686,390
Fund Balances - June 30, 2020	\$ 4,547,550	\$ -	\$ -	\$ -	\$ 4,547,550

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, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	(138,840)
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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	\$ (586,135)		
Capital outlay additions	<u>3,748</u>		(582,387)

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.

405,000

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.

7,425

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

65,904

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 (+)

12,459

Change in net position of Governmental Activities	\$	<u>(230,439)</u>
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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, 2020

	Business-Type Activities Enterprise Funds
	Food Service Fund
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 4,457
Intergovernmental receivables:	
State	358
Federal	731
Other	-
Interfund	11,500
Inventories	6,691
Total current assets	23,737
Noncurrent assets:	
Machinery and equipment (net of accumulated depreciation)	6,322
Total noncurrent assets	6,322
Total Assets	30,059
LIABILITIES:	
Current liabilities:	
Accounts payable	4,188
Unearned revenue	10,586
Total current liabilities	14,774
NET POSITION:	
Net investment in capital assets	6,322
Unrestricted	8,963
Total Net Position	\$ 15,285

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, 2020

	Business-Type Activities Enterprise Funds
	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily sales:	
Reimbursable programs	\$ 42,051
Non-reimbursable programs	52,671
Special functions	789
	<hr/>
Total Operating Revenue	95,511
	<hr/>
Operating Expenses:	
Salaries	49,127
Employee benefits	15,057
Management fee	13,134
Supplies and materials	4,115
Administration and supervision	
Other costs	
Miscellaneous	14,765
Depreciation	75
Cost of sales - reimbursable programs	55,537
Cost of sales - nonreimbursable programs	
	<hr/>
Total Operating Expenses	151,810
	<hr/>
Operating Income (Loss)	(56,299)
	<hr/>
Non-Operating Revenues:	
State sources:	
State school lunch program	1,317
Federal sources:	
Food distribution program	8,001
National school lunch program	15,590
Local sources:	
Board Contribution	39,972
Interest earned	157
Contributed Capital	2,372
	<hr/>
Total Non-Operating Revenues	67,409
	<hr/>
Changes in Net Position	11,110
	<hr/>
Net Position - July 1, 2019	4,175
	<hr/>
Net Position - June 30, 2020	\$ 15,285
	<hr/> <hr/>

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, 2020

	Business-Type Activities Enterprise Funds
	Food Service Fund
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 97,548
Cash payments to employees for services	(62,826)
Cash payments to suppliers for goods and services	(99,896)
Net Cash Provided by (used for) Operating Activities	(65,174)
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	1,037
Cash received from federal sources	16,131
Miscellaneous	39,972
Net Cash Provided by (used for) Noncapital Financing Activities	57,140
Cash Flow Provided by Investing Activities:	
Interest on Cash Equivalents	157
Net Increase (Decrease) in Cash and Cash Equivalents	(7,877)
Cash and Cash Equivalents - July 1, 2019	12,334
Cash and Cash Equivalents - June 30, 2020	<u>\$ 4,457</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Operating Income (Loss)	\$ (56,299)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (used for) Operating Activities:	
Depreciation	75
Federal Commodities	8,001
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	63
(Increase) Decrease in Inventories	(5,503)
Increase (Decrease) in Unearned Revenue	1,973
Increase (Decrease) in Accounts Payables	(13,484)
Net Cash Provided by (used for) Operating Activities	<u>\$ (65,174)</u>

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, 2020

	Trust Funds		
	Unemployment Compensation Insurance	Private Purpose Scholarship Fund	Agency Funds
ASSETS:			
Cash and cash equivalents	\$ 64,880	\$ 4,120	\$ 130,614
Interfund receivable			-
Total Assets	<u>64,880</u>	<u>4,120</u>	<u>130,614</u>
LIABILITIES:			
Accounts payable	11,100	-	
Interfund payable			100,124
Payroll deductions and withholdings	-	-	4,059
Due to student groups	-	-	26,431
Total Liabilities	<u>11,100</u>	<u>-</u>	<u>\$ 130,614</u>
NET POSITION:			
Held in trust for unemployment claims and other purposes	<u>\$ 53,780</u>		
Reserved for scholarships		<u>\$ 4,120</u>	

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

CRANBURY TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Unemployment Compensation Insurance</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS:		
Contributions:		
Employee withholdings	\$ 11,246	\$ -
Total Contributions	11,246	-
Investment earnings:		
Interest	172	66
Total Additions	11,418	66
DEDUCTIONS:		
Unemployment claims	11,112	-
Scholarships awarded	-	250
Total Deductions	11,112	250
Change in Net Position	306	(184)
Net Position - July 1, 2019	53,474	4,304
Net Position - June 30, 2020	<u>\$ 53,780</u>	<u>\$ 4,120</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, 2020

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, 2020 of 484 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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020 and 2019 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, 2020.

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, 2020**

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, 2020**

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, 2020.

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, 2020**

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, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

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. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

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. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In May 2019, the GASB issued Statement No. 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. This Statement should have no impact on the District's financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after December 15, 2022. This Statement should have no impact on the District's financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$4,851,244, as of June 30, 2020, \$250,000 was insured under FDIC and the remaining balance of \$4,601,244 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, 2019 to June 30, 2020 fiscal year is as follows:

Balance July 1, 2019		\$ 2,454,857
Increased by:		
Interest Earned	\$ 19,445	
Unspent Appropriations	183,383	
Transfer from Capital Projects	16,840	
Board Resolution	<u>648,800</u>	
		<u>868,468</u>
		3,323,325
Decreased by:		
Budget Withdrawal		<u>1,223,709</u>
Balance June 30, 2020		<u><u>\$ 2,099,616</u></u>

The June 30, 2020 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, 2020

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2020 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, 2020 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	\$ 190,975			\$ 358	\$ 191,333
Federal		36,103		731	36,834
Other		4,792			4,792
Total	<u>\$ 190,975</u>	<u>\$ 40,895</u>	<u>\$ -</u>	<u>\$ 1,089</u>	<u>\$ 232,959</u>

5. CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Deletions/ Adjustments	Balance June 30, 2020
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 451,596	\$ -	\$ -	\$ 451,596
Construction in progress				
Total capital assets not being depreciated	<u>451,596</u>			<u>451,596</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	1,361,914			1,361,914
Building and Improvements	17,323,837			17,323,837
Equipment	1,564,660	3,748		1,568,408
Total capital assets being depreciated	<u>20,250,411</u>	<u>3,748</u>		<u>20,254,159</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(510,478)	(53,622)		(564,100)
Building and Improvements	(8,187,074)	(516,640)		(8,703,714)
Equipment	(1,361,091)	(15,873)		(1,376,964)
Total accumulated depreciation	<u>(10,058,643)</u>	<u>(586,135)</u>		<u>(10,644,778)</u>
Total capital assets being depreciated, net	<u>10,191,768</u>	<u>(582,387)</u>		<u>9,609,381</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,643,364</u>	<u>\$ (132,944)</u>	<u>\$ -</u>	<u>\$ 10,060,977</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 80,522	\$ 2,372	\$ -	\$ 82,894
Less accumulated depreciation	<u>(76,497)</u>	<u>(75)</u>		<u>(76,572)</u>
Total Capital Assets, being depreciated, net	<u>4,025</u>	<u>2,297</u>		<u>6,322</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,025</u>	<u>\$ 2,297</u>	<u>\$ -</u>	<u>\$ 6,322</u>

Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$586,135 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 403,781
Transportation	9,305
Administration	28,841
Business Services	28,842
Unallocated	115,366
Total depreciation expense	<u>\$ 586,135</u>

6. INVENTORY

Inventory in the food service fund at June 30, 2020 consisted of the following:

Food	\$ 5,021
Supplies	<u>1,670</u>
	<u>\$ 6,691</u>

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

	<u>Principal Outstanding June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 194,678	\$ -	\$ 12,459	\$ 182,219	\$ 10,200
General Obligation Bonds	1,720,000		405,000	1,315,000	420,000
Net Pension Liability	<u>2,998,408</u>		<u>721,964</u>	<u>2,276,444</u>	
	<u>\$ 4,913,086</u>	<u>\$ -</u>	<u>\$ 1,139,423</u>	<u>\$ 3,773,663</u>	<u>\$ 430,200</u>

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

2010 Refunding Bonds dated July 15, 2010 in the amount of \$1,315,000 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, 2020**

7. LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2020, principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 420,000	\$ 44,200	\$ 464,200
2022	440,000	27,000	467,000
2023	455,000	9,100	464,100
	<u>\$ 1,315,000</u>	<u>\$ 80,300</u>	<u>\$ 1,395,300</u>

As of June 30, 2020, 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, 2020, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$38,950 for the fiscal year ended June 30, 2020.

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

Fiscal Year Ending June 30,	Amount
2021	\$ 38,950
2022	30,856
2023	30,120
2024	2,510
	<u>\$ 102,436</u>

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) 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.

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.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

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

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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon 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 2020. 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, 2020 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, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was \$917,972 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$385,689.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

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

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, 2020, 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, 2020, the School District recognized pension expense of \$1,652,654 and revenue of \$1,652,654 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.

	06/30/19	06/30/18
Collective deferred outflows of resources	\$ 9,932,767,606	\$ 12,473,998,870
Collective deferred inflows of resources	17,539,845,423	16,180,773,643
Collective net pension liability (Non-Employer – State of New Jersey)	61,519,112,443	63,617,852,031
State's portion of the net pension liability that was associated with the School District	28,019,308	27,275,971
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0456556571%	.0428747118%

Actuarial assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55- 4.45%
	based on years of service
Thereafter	2.75 – 5.65%
	based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality tables with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

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

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

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, 2019) 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

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

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, 2019, 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 5.60%, 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 (4.60%) or 1 percentage point higher (6.60%) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	33,040,966	28,019,308	23,852,918
	<u>\$ 33,040,966</u>	<u>\$ 28,019,308</u>	<u>\$ 23,852,918</u>

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. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Authority, 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. For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Service retirement benefits of 1/55th 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 1/60th 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 tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 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 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2019. 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, 2020 was 14.92% 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, 2019, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$123,578 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$70,512.

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:

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Longterm Disability	Total Liability Paid by District
2020	\$ 11,372	\$ 105,236	\$ 6,283	\$ 687	\$ 123,578
2019	18,929	125,657	6,888	1,201	152,675
2018	18,229	113,515	6,751	3,360	141,855

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, 2020, the School District reported a liability of \$2,276,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2020, the School District recognized pension expense of \$56,987. At June 30, 2020, the School District reported a liability of \$2,276,444 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	\$ 40,859	\$ 10,056
Changes of assumptions	227,311	790,146
Net Difference between projected and actual earnings on pension plan investments		35,935
Changes in proportion	282,867	502,460
District contributions subsequent to the measurement date	137,091	
Total	\$ 688,128	\$ 1,338,597

\$137,091 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, 2020, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net liability in the year ended June 30, 2020.

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
2021	\$ (276,804)
2022	(380,291)
2023	(177,346)
2024	(179,985)
2025	226,866
Total	\$ (787,560)

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
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
June 30, 2019	-	5.21
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00

Additional Information

Collective balances at June 30, 2019 and 2018 are as follows:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,645,087,574	\$ 7,646,736,226
Collective net pension liability	\$ 18,143,832,135	\$ 19,689,501,539
School District's Proportion	.0126339378%	.0152284623%

Actuarial assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

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, 2019) 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, 2020**

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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019, calculated using the discount rate of 6.28%, 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 (5.28%) or 1 percentage point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
School District's proportionate share of the net pension liability	\$ 2,875,519	\$ 2,276,444	\$ 1,771,639

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, 2020**

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>
2020	\$ 5,150	\$ 5,150
2019	2,271	2,271
2018	2,144	2,144

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated io. 75 – Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Contributions

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32F, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teacher's Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Plan Membership

As of June 30, 2018, the program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
	<u><u>364,943</u></u>

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB Plan for qualified retired PERS, TPAF and PFRS participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Inflation rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases Through 2026	1.55 – 3.05% based on years of service	2.00 – 6.00% based on age	3.25 – 15.25% based on age
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the Pub-2010 Healthy Teacher's (TPAF), and "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate - The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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, 2018	\$ 19,249,857
Changes for the years'	
Service Cost	753,595
Interest	763,911
Changes of benefit terms	
Differences between expected and actual experience	(2,595,754)
Changes in assumptions	266,968
Gross Benefit Payments	(549,637)
Contributions from the Non-employer	N/A
Contributions from the Member	16,293
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (1,344,624)
Balance at 06/30/2019	\$ 17,905,233

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, 2019, 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 (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 21,153,156	\$ 17,905,233	\$ 153,253,261

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, 2019, 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	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 21,730,827	\$ 17,905,233	\$ 14,521,129

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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, 2020, the School District recognized \$677,238 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, 2019 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, 2020, 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	\$ -	\$ 4,498,919
Changes of assumptions	-	3,639,279
Total	\$ -	\$ 8,138,198

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:	
2020	\$ (1,092,671)
2021	(1,092,671)
2022	(1,092,671)
2023	(1,092,671)
2024	(1,092,671)
Therafter	(2,674,843)
Total	\$ (8,138,198)

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, 2020, 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 \$1,006,211, \$373,285, and \$848, respectively. In addition, \$363,704 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, 2020**

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>
2020	\$ 172	\$ 11,246	\$ -	\$ 11,112	\$ 53,780
2019	202	10,415	-	10,843	53,474
2018	180	10,178	20,000	21,922	53,700

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, 2020**

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, 2020, the liability for compensated absences in the governmental activities was \$182,219.

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, 2021. The following interfund balances were recorded on the various balance sheets as of June 30, 2020:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 191,201	\$ 11,500
Special Revenue		37,646
Capital Projects		53,431
Proprietary	11,500	
Fiduciary		100,124
	<u> </u>	<u> </u>
Total	<u>\$ 202,701</u>	<u>\$ 202,701</u>

16. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2020, 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, 2020**

17. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2020, a deficit of \$2,793,602 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, 2020:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ 476,729
Liabilities:	
Net Pension Differences	(3,064,004)
Accrued Interest Payable	(24,108)
Compensated Absences	(182,219)
	<hr/>
Unrestricted Net Position (Deficit)	\$ (2,793,602)
	<hr/>

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, 2020, the balance in the capital reserve account is \$2,099,616. Of this amount \$450,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021 and \$1,649,616 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, 2020 in the amount of \$900,000 for tuition adjustments. Of this amount \$450,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021. 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, 2020, the balance in the maintenance reserve account is \$608,269. Of this amount \$150,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Cranbury Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

18. FUND BALANCES (Continued)

ASSIGNED

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

General Fund:

Other Purposes – As of June 30, 2020 the School District has \$404,687 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – The School District has appropriated \$58,249 and included as an anticipated revenue for the fiscal year ending June 30, 2021.

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, 2020 \$476,729 of general fund balance was unassigned.

19. SUBSEQUENT EVENTS

COVID-19 - the management of the School District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the School District. While the impact that COVID-19 will have is currently expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 17,280,028	\$ -	\$ 17,280,028	\$ 17,280,028	
Interest earned on capital reserve				19,446	19,446
Interest earned on maintenance reserve				8,282	8,282
Rents and Royalties	50,000		50,000	50,670	670
Tuition	6,000		6,000	8,000	2,000
Unrestricted Misc. Revenues	35,000		35,000	61,726	26,726
Total local sources	17,371,028		17,371,028	17,428,152	57,124
State sources:					
Special Education aid	456,180		456,180	456,180	
Security Aid	13,756		13,756	13,756	
Transportation Aid	163,336		163,336	163,336	
Extraordinary aid				172,904	172,904
Nonpublic transportation aid				290	290
On-behalf TPAF pension contrib.. (non-budgeted)				1,006,211	1,006,211
On-behalf TPAF post retirement med.. (non-budgeted)				373,285	373,285
On-behalf TPAF LTDI (non-budgeted)				848	848
Reimbursed TPAF social security contribution (non-budgeted)				363,704	363,704
Total state sources	633,272		633,272	2,550,514	1,917,242
TOTAL REVENUES	18,004,300	-	18,004,300	19,978,666	1,974,366
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	227,991	320	228,311	227,238	1,073
Grades 1-5	1,736,952	(18,638)	1,718,314	1,626,291	92,023
Grades 6-8	1,354,827	1,096	1,355,923	1,354,538	1,385
Regular Programs - Home Instruction:					
Salaries of teachers	5,392	(284)	5,108	1,198	3,910
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	61,089	(2,860)	58,229	57,040	1,189
Purchased professional educational services	10,000	(8,500)	1,500		1,500
Purchased technical services	200,638	(5,625)	195,013	185,272	9,741
Other purchased services	124,700	19,009	143,709	128,644	15,065
General supplies	242,547	6,006	248,553	222,203	26,350
Textbooks	46,252	23,871	70,123	64,619	5,504
Other objects					
Total - Regular Programs - Instruction	4,010,388	14,395	4,024,783	3,867,043	157,740
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	70,350		70,350	70,350	
General supplies	3,000		3,000	483	2,517
Textbooks	-				
Total learning and/or language disab.	73,350		73,350	70,833	2,517

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	\$ 688,900	\$ -	\$ 688,900	\$ 652,066	\$ 36,834
Other salaries for instruction	203,768		203,768	161,225	42,543
General supplies	10,000		10,000	3,163	6,837
Total resource room/resource center	902,668		902,668	816,454	86,214
Preschool Disabilities - Part-Time:					
Salaries of teachers	64,150	(2,136)	62,014	24,541	37,473
Other salaries for instruction	21,679		21,679	16,130	5,549
General supplies	3,000		3,000	2,947	53
Total preschool disabilities - part-time	88,829	(2,136)	86,693	43,618	43,075
Total Special Education - Instruction	1,064,847	(2,136)	1,062,711	930,905	131,806
Home Instruction:					
Purchased professional educational services		4,012	4,012	2,840	1,172
Total resource room/resource center	-	4,012	4,012	2,840	1,172
Basic Skills/Remedial - Instruction					
Salaries of teachers	145,300	2,184	147,484	147,483	1
General supplies	1,100	(49)	1,051	364	687
Total basic skills/remedial - instruction	146,400	2,135	148,535	147,847	688
School-Sponsored Cocurricular Act - Instruction:					
Salaries	64,801		64,801	45,682	19,119
Supplies and materials	1,200	(115)	1,085	173	912
Other objects	6,750		6,750	1,765	4,985
Total school-sponsored cocurr. act. - instruct.	72,751	(115)	72,636	47,620	25,016
School-Sponsored Athletics - Instruction:					
Salaries	82,220	(2,920)	79,300	79,300	
Purchased services	7,400		7,400	6,594	806
Supplies and materials	10,000	15,528	25,528	22,643	2,885
Total school-sponsored athletics - instruct.	99,620	12,608	112,228	108,537	3,691
Total Instruction	5,394,006	26,887	5,420,893	5,104,792	318,941
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	5,014,085		5,014,085	5,014,082	3
Tuition to other LEAs within the state - spec	139,786		139,786	138,332	1,454
Tuition to private school for the disabled - w/i	535,404	(184,826)	350,578	344,958	5,620
Total undistributed expenditures - instruction	5,689,275	(184,826)	5,504,449	5,497,372	7,077
Attendance and Social Work Services:					
Salaries	2,500		2,500		2,500
Total attendance and social work services	2,500	-	2,500	-	2,500
Health Services:					
Salaries	103,900	(3,395)	100,505	70,483	30,022
Purchased professional and technical services	155,928	64,816	220,744	131,878	88,866
Supplies and materials	4,300	4,740	9,040	8,903	137
Other objects	100		100		100
Total health services	264,228	66,161	330,389	211,264	119,125

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Speech, OT, PT, & Related Services:					
Salaries	\$ 169,363	\$ (7)	\$ 169,356	\$ 167,610	\$ 1,746
Purchased professional educational services		1,900	1,900	1,900	
Supplies and materials	2,600	7	2,607	2,606	1
Total speech, ot, pt & related services	171,963	1,900	173,863	172,116	1,747
Guidance:					
Salaries of other professional staff	159,930		159,930	120,065	39,865
Supplies and materials	5,000	(1,900)	3,100	3,585	(485)
Total guidance	164,930	(1,900)	163,030	123,650	39,380
Child Study Teams:					
Salaries of other professional staff	351,023		351,023	335,236	15,787
Salaries of secretarial and clerical assistants	53,966		53,966	52,966	1,000
Purchased professional educational services	10,000	118,664	128,664	118,214	10,450
Supplies and materials	11,690	(728)	10,962	9,305	1,657
Other objects	1,314		1,314	-	1,314
Total child study teams	427,993	117,936	545,929	515,721	30,208
Improvement of Instructional Services:					
Salaries supervisor of Instruction	198,888		198,888	193,887	5,001
Salaries of secretarial and clerical assistants	76,542	(900)	75,642	57,145	18,497
Other purchased services	1,000	400	1,400	1,028	372
Supplies and materials	2,610	841	3,451	3,425	26
Other objects	2,086	159	2,245	2,245	
Total improvement of instructional services	281,126	500	281,626	257,730	23,896
Educational Media Services/School Library:					
Salaries	61,950	153	62,103	62,103	
Supplies and materials	17,314	(153)	17,161	14,835	2,326
Total educational media services/school library	79,264		79,264	76,938	2,326
Instructional Staff Training Services:					
Other purchased services	75,237		75,237	60,913	14,324
Supplies and materials	2,067		2,067	987	1,080
Total instructional staff training services	77,304		77,304	61,900	15,404
General Administration:					
Salaries	226,266	11,046	237,312	237,048	264
Legal services	40,000	33,071	73,071	73,071	
Audit fees	25,000	400	25,400	25,400	
Other purchased prof. services	30,630	17,218	47,848	39,757	8,091
Communications / telephone	27,000	(1,007)	25,993	25,991	2
Miscellaneous purchased services	2,000	(1,794)	206	205	1
General supplies	6,065	(1,194)	4,871	4,871	
Miscellaneous expenditures	13,104	1,129	14,233	14,233	
Total general administration	370,065	58,869	428,934	420,576	8,358

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School Administration:					
Salaries of principals/assist. principals	\$ 126,073	\$ 474	\$ 126,547	\$ 126,547	\$ -
Salaries of secretarial and clerical assistants	120,788	(1,104)	119,684	119,562	122
Other purchased services	600	(120)	480	469	11
Supplies and materials	1,800	(310)	1,490	1,300	190
Other objects	2,394	(539)	1,855	1,855	
Total school administration	251,655	(1,599)	250,056	249,733	323
Central services:					
Salaries	224,285	(1,020)	223,265	223,262	3
Purchased professional services	8,975	4,760	13,735	13,734	1
Misc. purchased services (400-500 series)	500	(188)	312	312	
Supplies and materials	5,700	(42)	5,658	5,657	1
Miscellaneous expenditures	23,325	(1,486)	21,839	21,838	1
Total central services	262,785	2,024	264,809	264,803	6
Required Maintenance School Facilities:					
Cleaning, repairs & maintenance services	158,723		158,723	86,274	72,449
Total required maintenance school facilities	158,723		158,723	86,274	72,449
Custodial Services:					
Salaries	320,952	(3,000)	317,952	292,433	25,519
Cleaning, repair and maintenance services	154,779	(14,595)	140,184	127,495	12,689
Other purchased property services	30,000	(12)	29,988	19,873	10,115
Insurance	82,595		82,595	72,951	9,644
Travel		342	342	85	257
Miscellaneous purchased services	1,050	(307)	743		743
General Supplies	87,072	24,965	112,037	93,512	18,525
Energy (Electricity)	335,500	(29,760)	305,740	207,966	97,774
Energy (Natural Gas)	50,000	6,629	56,629	55,810	819
Other objects	500	2,131	2,631	2,631	
Total custodial services	1,062,448	(13,607)	1,048,841	872,756	176,085
Care and Upkeep of Grounds:					
Cleaning, repairs & maintenance services	87,500		87,500	37,667	49,833
General supplies	4,500		4,500	-	4,500
Total care and upkeep of grounds	92,000		92,000	37,667	54,333
Security					
Purchased professional and technical services					
Total security	-		-	-	-
Total operation & maint. of plant services	1,313,171	(13,607)	1,299,564	996,697	302,867
Student Transportation Services:					
Salaries for Pupil Trans (between home and school) - Regular Ed.	12,463		12,463	12,463	
Salaries for Pupil Trans (between home and school) - Special Ed.	31,177	(6,700)	24,477	22,032	2,445
Cleaning, repairs & maintenance services	10,000	4,777	14,777	14,777	
Contr. serv. (between home & sch) - vendor	512,757	(44,390)	468,367	402,914	65,453
Contr. serv. (not between home & sch) - vendor	50,000	(25,734)	24,266	24,264	2
Contr. serv. (between home & sch) - joint agree.	4,000	(3,000)	1,000	1,000	
Contr. Serv. (Spl. Ed. Students) - vendors	195,700	286,969	482,669	433,719	48,950
Contr. Serv. - aid in lieu of	40,000	(5,350)	34,650	33,650	1,000
Transportation supplies	10,000	(7,265)	2,735	1,554	1,181
Total student transportation services	866,097	199,307	1,065,404	946,373	119,031

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Allocated Benefits - Employee Benefits					
Special Programs - Instruction					
Health benefits	\$ 503,100	\$ (503,100)	\$ -	\$ -	\$ -
Other employee benefits	17,500	(17,500)	-	-	-
Total Special Programs - Instruction	520,600	(520,600)	-	-	-
Child Study Teams					
Health benefits	112,400	(112,400)	-	-	-
Total Child Study Teams	112,400	(112,400)	-	-	-
Improvement of Instruction Services					
Health benefits	55,500	(55,500)	-	-	-
Total Improvement of Instruction Services	55,500	(55,500)	-	-	-
Custodial Services					
Health benefits	78,500	(78,500)	-	-	-
Other employee benefits	7,000	(7,000)	-	-	-
Total Custodial Services	85,500	(85,500)	-	-	-
Total allocated benefits	774,000	(774,000)	-	-	-
Unallocated Benefits - Employee Benefits					
Social security contributions	153,006		153,006	119,341	33,665
Other retirement contributions - PERS	165,200	(15,172)	150,028	123,578	26,450
Other retirement contributions - reg.	4,000	1,151	5,151	5,150	1
Unemployment compensation					
Workmen's compensation	70,767	(811)	69,956	65,325	4,631
Health benefits	1,694,119	468,141	2,162,260	1,741,954	420,306
Tuition reimbursement	40,000		40,000	21,333	18,667
Sick payment to terminated/retired emp.					
Other employee benefits	79,300	5,055	84,355	52,605	31,750
Total unallocated benefits	2,206,392	458,364	2,664,756	2,129,286	535,470
On-behalf TPAF pension contr. (non-budgeted)				1,006,211	(1,006,211)
On-behalf TPAF post retirement medical (non-budgeted)				373,285	(373,285)
On-behalf TPAF LTDI (non-budgeted)				848	(848)
Reimbursed TPAF social security contr. (non-budgeted)				363,704	(363,704)
Total Undistributed Expenditures	13,202,748	(66,859)	13,135,889	13,668,207	(535,158)
Total General Current Expense	18,596,754	(39,972)	18,556,782	18,772,999	(216,217)
CAPITAL OUTLAY:					
Equipment					
Undist. Expenditures - Non-Inst. Services	6,539		6,539	6,365	174
Total Equipment	6,539	-	6,539	6,365	174
Facilities acquisition and construction services					
Architectural/Engineering Services	62,000	(62,000)			
Construction Services	1,214,569	122,209	1,336,778	1,153,395	183,383
Assessment for Debt Service on SDA Funding	19,308		19,308	19,308	
Total Facilities acquisition and construction	1,295,877	60,209	1,356,086	1,172,703	183,383
Total Capital Outlay	1,302,416	60,209	1,362,625	1,179,068	183,557

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, 2020

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
SUMMER SCHOOL:					
Summer School - Instruction					
Salaries of teachers	\$ 13,487	\$ (1,731)	\$ 11,756	\$ 1,648	\$ 10,108
General supplies	500	1,231	1,731	1,728	3
Total Summer School - Instruction	13,987	(500)	13,487	3,376	10,111
Adult School - Support Services					
Supplies and materials		500	500		500
Total Adult School - Support Services	-	500	500	-	500
Transfer of Funds to Charter Schools	-	-	-	-	-
TOTAL EXPENDITURES	19,913,157	20,237	19,933,394	19,955,443	(22,049)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1,908,857)	(20,237)	(1,929,094)	23,223	1,952,317
Other Financing Sources/(uses):					
Operating transfer in				132,096	132,096
Operating transfer out				(115,256)	(115,256)
Food Service Contribution		(39,972)	(39,972)	(39,972)	
Total Other Financing Sources		(39,972)	(39,972)	(23,132)	16,840
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(1,908,857)	(60,209)	(1,969,066)	91	1,969,157
Fund Balance - July 1, 2019	4,608,096		4,608,096	4,608,096	
Fund Balance - June 30, 2020	<u>\$ 2,699,239</u>	<u>\$ (60,209)</u>	<u>\$ 2,639,030</u>	<u>\$ 4,608,187</u>	<u>\$ 1,969,157</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 2,099,616	
Tuition reserve 2020-2021				450,000	
Tuition reserve 2021-2022				450,000	
Maintenance reserve				608,269	
Assigned Fund Balance:					
Year-end encumbrances				404,687	
Designated for subsequent year's budget				58,249	
Unassigned Fund Balance:				537,366	
				4,608,187	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(60,637)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,547,550</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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources	\$ -	\$ 2,492	\$ 2,492	\$ 2,456	\$ (36)
State sources	-	4,364	4,364	4,364	-
Federal sources	122,063	53,947	176,010	171,096	(4,914)
Total Revenues	122,063	60,803	182,866	177,916	(4,950)
EXPENDITURES:					
Instruction:					
Salaries of teachers	18,533	8,403	26,936	26,936	-
Purchased prof. - educational services	-	3,679	3,679	3,679	-
General supplies	7,500	(5,008)	2,492	2,456	36
Tuition	88,846	28,297	117,143	117,143	-
Textbooks	-	685	685	685	-
Total Instruction	114,879	36,056	150,935	150,899	36
Support Services:					
Salaries	7,184	3,178	10,362	10,362	-
Purchased professional - tech. services	-	12,849	12,849	8,655	4,194
Supplies and Materials	-	8,720	8,720	8,000	720
Total Support Services	7,184	24,747	31,931	27,017	4,914
Facilities Acquisition and Construction Services:					
Instructional equipment	-	-	-	-	-
Total Facilities Acq. and Const. Services	-	-	-	-	-
Total Expenditures	122,063	60,803	182,866	177,916	4,950
Total Outflows	122,063	60,803	182,866	177,916	4,950
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2020

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

	General Fund	Special Revenue Fund
	<hr/>	<hr/>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 19,978,666	\$ 177,916
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		
Prior Year		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	53,802	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(60,637)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 19,971,831</u>	<u>\$ 177,916</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 19,955,443	\$ 177,916
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		
Prior Year		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,955,443</u>	<u>\$ 177,916</u>

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 Seven Fiscal Years

	June 30, 2020	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)	0.0126339378%	0.0152284623%	0.0149499154%	0.0129197259%	0.0121686786%	0.0125510444%	0.0139526012%
District's proportionate share of the net pension liability (asset)	\$ 2,276,444	\$ 2,998,408	\$ 3,480,101	\$ 3,826,452	\$ 2,731,624	\$ 2,349,899	\$ 2,666,619
District's covered-employee payroll	919,127	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	247.67%	318.59%	382.06%	371.22%	276.08%	253.10%	300.31%
Plan fiduciary net position as a percentage of the total pension liability	42.04%	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 Seven Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 137,091	\$ 123,578	\$ 151,474	\$ 141,855	\$ 114,777	\$ 104,618	\$ 103,469
Contributions in relation to the contractually required contributions	<u>(137,091)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	\$ 919,127	\$ 941,136	\$ 910,885	\$ 1,030,788	\$ 989,428	\$ 928,450	\$ 887,959
Contributions as a percentage of covered-employee payroll	14.92%	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 Seven Fiscal Years

	June 30, 2020	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)	0.0456556571%	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>\$ 28,019,308</u>	<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>\$ 28,019,308</u></u>	<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	\$ 5,065,474	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	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 Three Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.04%	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	\$ 17,905,233	\$ 19,249,857	\$ 21,013,156
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 17,905,233</u>	<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%	0.00%
	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability			
Service Cost	\$ 753,595	\$ 802,473	\$ 968,553
Interest	763,911	772,182	668,610
Difference between expected and actual experiences	(2,595,754)	(631,993)	
Changes of assumptions	266,968	(2,209,017)	(2,879,406)
Member Contributions	16,293	17,790	17,922
Benefit payments	<u>(549,637)</u>	<u>(514,734)</u>	<u>(486,709)</u>
Net Change in total OPEB Liability	\$ (1,344,624)	\$ (1,763,299)	\$ (1,711,030)
Total OPEB Liability - beginning	<u>\$ 19,249,857</u>	<u>\$ 21,013,156</u>	<u>\$ 22,724,186</u>
Total OPEB Liability - ending	<u>\$ 17,905,233</u>	<u>\$ 19,249,857</u>	<u>\$ 21,013,156</u>
District's covered-employee payroll	5,984,601	5,828,785	5,694,268
Total OPEB Liability as a percentage of covered-employee payroll	299.19%	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 – Part III
For the Fiscal Year Ended June 30, 2020**

Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 5.60% as of June 30, 2019 from 4.86% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

Public Employees' Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 6.28% as of June 30, 2019 from 5.66% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

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

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 3.50% as of June 30, 2019 from 3.87% as of June 30, 2018.

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, 2020

	Nonpublic Textbook	Nonpublic Technology	Nonpublic Nursing	Nonpublic Security	Totals E1a	Totals
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,456	\$ 2,456
State sources	685	468	1,261	1,950	-	4,364
Federal sources	-	-	-	-	171,096	171,096
Total Revenues	685	468	1,261	1,950	173,552	177,916
EXPENDITURES:						
Instruction:						
Salaries of teachers					26,936	26,936
Purchased professional - educational serv.		468	1,261	1,950		3,679
General supplies					2,456	2,456
Tuition					117,143	117,143
Textbooks	685					685
Total Instruction	685	468	1,261	1,950	146,535	150,899
Support Services:						
Salaries					10,362	10,362
Purchased professional - technical serv.					8,655	8,655
Supplies and Materials					8,000	8,000
Total Support Services					27,017	27,017
Facilities Acquisition and Const. Serv.:						
Instructional equipment						
Total Facilities Acq. and Const. Serv.						
Total Expenditures	685	468	1,261	1,950	173,552	177,916
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CRANBURY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year ended June 30, 2020

	PTO Mini Grant	Title I	Title IIA	Title IV	IDEA Basic	IDEA Preschool	Totals
REVENUES:							
Local sources	\$ 2,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,456
State sources	-	-	-	-	-	-	-
Federal sources	-	27,967	10,362	10,000	117,143	5,624	171,096
Total Revenues	2,456	27,967	10,362	10,000	117,143	5,624	173,552
EXPENDITURES:							
Instruction:							
Salaries of teachers		21,312				5,624	26,936
Purchased professional - educational serv.							
General supplies	2,456						2,456
Tuition					117,143		117,143
Textbooks							
Total Instruction	2,456	21,312			117,143	5,624	146,535
Support Services:							
Salaries			10,362				10,362
Purchased professional - technical serv.		6,655		2,000			8,655
Supplies and Materials				8,000			8,000
Total Support Services		6,655	10,362	10,000			27,017
Facilities Acquisition and Const. Serv.:							
Instructional equipment							
Total Facilities Acq. and Const. Serv.							
Total Expenditures	2,456	27,967	10,362	10,000	117,143	5,624	173,552
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Projects Fund
Detail Statements

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, 2020

Revenues and Other Financing Sources:

State Aid - SDA Grant	\$ (115,256)
Transfer from Capital Reserve	115,256
	<hr/>
Total revenues and other financing sources	<hr/> -

Expenditures and Other Financing Uses:

Purchased professional services	-
Construction services	-
Transfer to Capital Reserve	132,096
	<hr/>
Total expenditures and other financing uses	<hr/> 132,096

Excess (deficiency) or revenues over (under) expenditures	(132,096)
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Fund Balance - July 1, 2019	<hr/> 132,096
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Fund Balance - June 30, 2020	<hr/> <hr/> \$ -
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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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 487,587	\$ -	\$ 487,587	\$ 487,587
Transfer from Capital Reserve	731,380		731,380	731,380
Total revenues	<u>1,218,967</u>	<u></u>	<u>1,218,967</u>	<u>1,218,967</u>
Expenditures and Other Financing Uses:				
Purchased professional services	16,244		16,244	16,244
Construction services	1,154,993		1,154,993	1,154,993
Transfer to Capital Reserve		47,730	47,730	47,730
Total expenditures	<u>1,171,237</u>	<u>47,730</u>	<u>1,218,967</u>	<u>1,218,967</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 47,730</u>	<u>\$ (47,730)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	#0970-030-14-1003			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,218,967			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,218,967			
Percentage Increase over Original Authorized Cost				
Percentage Completion				
Original target completion date	9/30/2016			
Revised target completion date	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, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 284,951	\$ -	\$ 284,951	\$ 284,951
Transfer from Capital Reserve	453,850		453,850	453,850
Total revenues	<u>738,801</u>	<u></u>	<u>738,801</u>	<u>738,801</u>
Expenditures and Other Financing Uses:				
Purchased professional services	3,057		3,057	3,057
Construction services	651,378		651,378	651,378
Transfer to Capital Reserve		84,366	84,366	84,366
Total expenditures	<u>654,435</u>	<u>84,366</u>	<u>738,801</u>	<u>738,801</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 84,366</u>	<u>\$ (84,366)</u>	<u>\$ -</u>	<u>\$ -</u>
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			

CRANBURY TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Communications and Safety Project
From Inception and for the Fiscal Year ended June 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 441,446	\$ (115,256)	\$ 326,190	\$ 326,190
Transfer from Capital Reserve	662,169	115,256	777,425	777,425
Total revenues	<u>1,103,615</u>	<u></u>	<u>1,103,615</u>	<u>1,103,615</u>
Expenditures and Other Financing Uses:				
Purchased professional services	12,960		12,960	12,960
Construction services	1,090,655		1,090,655	1,090,655
Transfer to Capital Reserve				
Total expenditures	<u>1,103,615</u>	<u></u>	<u>1,103,615</u>	<u>1,103,615</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	#0970-030-14-1002			
Grant Date	10/9/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,103,615			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,103,615			
Percentage Increase over Original Authorized Cost				
Percentage Completion				
Original target completion date	9/30/2015			
Revised target completion date	N/A			

Proprietary Funds

CRANBURY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
June 30, 2020

	Food Service Fund
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 4,457
Accounts receivable:	
State	358
Federal	731
Other	
Interfund	11,500
Inventories	<u>6,691</u>
Total Current Assets	<u>23,737</u>
Noncurrent Assets:	
Equipment	82,894
Less - accumulated depreciation	<u>(76,572)</u>
Total Noncurrent Assets	<u>6,322</u>
Total Assets	<u>30,059</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	4,188
Unearned Revenue	<u>10,586</u>
Total Current Liabilities	<u>14,774</u>
NET POSITION:	
Net investment in capital assets	6,322
Unrestricted	<u>8,963</u>
Total Net Position	<u><u>\$ 15,285</u></u>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	Food Service Fund
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 42,051
Daily sales non-reimbursable programs	
Adult and a la carte sales	52,671
Special functions	789
	<hr/>
Total Operating Revenues	95,511
	<hr/>
OPERATING EXPENSES:	
Salaries	49,127
Employee benefits	15,057
Management fee	13,134
Supplies and materials	4,115
Miscellaneous	14,765
Depreciation	75
Cost of sales - reimbursable programs	55,537
Cost of sales - nonreimbursable programs	
	<hr/>
Total Operating Expenses	151,810
	<hr/>
Operating Income (Loss)	(56,299)
	<hr/>
Non-Operating Revenues:	
State sources:	
State school lunch program	1,317
Federal sources:	
Food Distribution Program	8,001
National school lunch program	15,590
Local sources:	
Board contribution	39,972
Interest earned	157
Contributed Capital	2,372
	<hr/>
Total Non-Operating Revenues	67,409
	<hr/>
Changes in Net Position	11,110
Net Position - July 1, 2019	4,175
	<hr/>
Net Position - June 30, 2020	\$ 15,285
	<hr/>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Food Service Fund
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 97,548
Cash payments to employees for services	(62,826)
Cash payments to suppliers for goods and services	<u>(99,896)</u>
Net cash provided by (used for) operating activities	<u>(65,174)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	1,037
Cash received from federal sources	16,131
Miscellaneous	<u>39,972</u>
Net cash provided by noncapital financing activities	<u>57,140</u>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<u>157</u>
Net increase (decrease) in cash and cash equivalents	(7,877)
Cash and cash equivalents - July 1, 2019	<u>12,334</u>
Cash and cash equivalents - June 30, 2020	<u><u>\$ 4,457</u></u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (56,299)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	75
Federal Commodities	8,001
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	63
(Increase) decrease in inventories	(5,503)
Increase (decrease) in unearned revenue	1,973
Increase (decrease) in accounts payable	<u>(13,484)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (65,174)</u></u>

Fiduciary Funds

CRANBURY TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2020

	<u>Trust Funds</u>		<u>Agency Funds</u>		
	<u>Unemployment Compensation Insurance</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Totals</u>
ASSETS:					
Cash and cash equivalents	\$ 64,880	\$ 4,120	\$ 26,431	\$ 104,183	\$ 199,614
Interfund Receivable				-	-
Total Assets	<u>64,880</u>	<u>4,120</u>	<u>26,431</u>	<u>104,183</u>	<u>199,614</u>
LIABILITIES:					
Accounts payable	11,100	-	-	-	11,100
Interfund payable				100,124	100,124
Payroll deductions and withholdings	-	-	-	4,059	4,059
Due to student groups	-	-	26,431	-	26,431
Total Liabilities	<u>11,100</u>	<u>-</u>	<u>\$ 26,431</u>	<u>\$ 104,183</u>	<u>141,714</u>
NET POSITION:					
Held in trust for payment of claims	53,780	-			53,780
Held in trust for scholarships	-	4,120			4,120
Total Net Position	<u>\$ 53,780</u>	<u>\$ 4,120</u>			<u>\$ 57,900</u>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	McPhillips Memorial Scholarship Fund	Unemployment Compensation Insurance Trust Fund	Totals
	<hr/>	<hr/>	<hr/>
ADDITIONS:			
Interest on investments	\$ 66	\$ 172	\$ 238
Employee withholdings	-	11,246	11,246
	<hr/>	<hr/>	<hr/>
Total Additions	66	11,418	11,484
	<hr/>	<hr/>	<hr/>
DEDUCTIONS:			
Unemployment compensation			
Insurance claims	-	11,112	11,112
Scholarships	250	-	250
	<hr/>	<hr/>	<hr/>
Total Deductions	250	11,112	11,362
	<hr/>	<hr/>	<hr/>
Change in Net Position	(184)	306	122
Net Position -- July 1, 2019	4,304	53,474	57,778
	<hr/>	<hr/>	<hr/>
Net Position -- June 30, 2020	\$ 4,120	\$ 53,780	\$ 57,900
	<hr/>	<hr/>	<hr/>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable</u>	<u>Balance June 30, 2020</u>
Elementary School	<u>\$ 26,438</u>	<u>\$ 16,941</u>	<u>\$ 16,948</u>	<u>\$ -</u>	<u>\$ 26,431</u>
Total	<u><u>\$ 26,438</u></u>	<u><u>\$ 16,941</u></u>	<u><u>\$ 16,948</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,431</u></u>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ 1,409	\$ 7,368,299	\$ 7,265,525	\$ 104,183
Interfund receivable	<u>920</u>	<u>-</u>	<u>920</u>	<u>-</u>
Total Assets	<u><u>\$ 2,329</u></u>	<u><u>\$ 7,368,299</u></u>	<u><u>\$ 7,266,445</u></u>	<u><u>\$ 104,183</u></u>
LIABILITIES:				
Interfund payable	\$ -	\$ 100,124	\$ -	\$ 100,124
Net payroll	-	3,837,930	3,837,930	-
Payroll deductions and withholdings	<u>2,329</u>	<u>3,430,245</u>	<u>3,428,515</u>	<u>4,059</u>
Total Liabilities	<u><u>\$ 2,329</u></u>	<u><u>\$ 7,368,299</u></u>	<u><u>\$ 7,266,445</u></u>	<u><u>\$ 104,183</u></u>

Long-Term Debt Schedules

CRANBURY TOWNSHIP SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2020

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
2010 Refunding of 2002 bonds	07/15/10	\$ 3,880,000	07/15/20	\$ 420,000	4.000%	\$ 1,720,000	\$ -	\$ 405,000	\$ 1,315,000
			07/15/21	440,000	4.000%				
			07/15/22	455,000	4.000%				
						<u>\$ 1,720,000</u>	<u>\$ -</u>	<u>\$ 405,000</u>	<u>\$ 1,315,000</u>

CRANBURY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 465,700	\$ -	\$ 465,700	\$ 465,700	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	465,700		465,700	465,700	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:					
Regular debt service:					
Interest	60,700		60,700	60,700	\$ -
Redemption of principal	405,000		405,000	405,000	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	465,700		465,700	465,700	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of revenues over (under) expenditures					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Sources:					
Operating transfers in					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - July 1, 2019					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Statistical Section

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

J-1

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 8,745,977
Restricted for:										
Capital projects	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	2,099,616
Debt service	-	2,000	-	35	-	-	-	-	-	-
Other purposes	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	1,971,205
Unrestricted	171,931	146,048	47,618	92,818	(2,472,584)	(2,462,954)	(2,760,952)	(2,932,459)	(2,959,577)	(2,793,602)
Total governmental activities net position	<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>	<u>\$ 10,023,196</u>
Business-type activities:										
Net investment in capital assets	\$ 8,485	\$ 16,138	\$ 8,768	\$ 9,634	\$ 6,476	\$ 4,751	\$ 4,460	\$ 4,170	\$ 4,025	\$ 6,322
Unrestricted	48,366	30,592	26,102	17,645	11,185	1,207	3,044	3,007	150	8,963
Total business-type activities net position	<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>	<u>\$ 15,285</u>
District-wide:										
Net investment in capital assets	\$ 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	\$ 8,752,299
Restricted:										
Capital projects	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	2,099,616
Debt service	-	2,000	-	35	-	-	-	-	-	-
Other purposes	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	1,971,205
Unrestricted	220,297	176,640	73,720	110,463	(2,461,399)	(2,461,747)	(2,757,908)	(2,929,452)	(2,959,427)	(2,784,639)
Total district net position	<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>	<u>\$ 10,038,481</u>

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

J-2

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 4,286,497
Special education	785,278	958,483	887,449	909,186	942,112	962,243	971,695	993,264	1,051,182	1,053,672
Other instruction	295,457	302,074	280,789	315,516	274,212	277,800	276,418	291,380	289,490	306,844
Support Services:										
Tuition	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	5,497,372
Student & instruction related services	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	1,446,336
School administrative services	219,886	210,625	193,913	196,656	228,646	216,814	225,415	237,086	246,213	249,733
General and business administrative services	618,270	570,864	550,985	578,542	574,301	591,716	641,492	664,123	740,931	743,062
Plant operations and maintenance	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	2,172,017
Pupil transportation	739,754	685,262	651,928	743,547	733,998	555,751	672,492	655,612	996,729	955,678
Unallocated employee benefits	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	6,194,309
Special schools								6,143	5,168	3,376
Interest on long-term debt	274,544	239,847	219,440	177,637	167,925	123,800	99,600	81,075	69,458	53,275
Unallocated depreciation	15,064	109,645	69,285	92,663	89,181	104,501	112,224	113,248	114,579	115,366
Total governmental activities expenses	16,746,813	16,280,258	17,134,458	16,998,235	17,665,440	17,110,123	18,229,902	22,169,962	23,535,439	23,077,537
Business-type activities:										
Food service	210,856	229,704	203,142	176,818	158,090	160,694	176,722	183,868	164,592	151,810
Total business-type activities expense	210,856	229,704	203,142	176,818	158,090	160,694	176,722	183,868	164,592	151,810
Total district expenses	<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>	<u>\$ 23,229,347</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ -		\$ 8,000
Operating grants and contributions	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	4,308,843
Capital grants and contributions					441,446	627,548	-	-		
Total governmental activities program revenues	919,341	1,032,394	1,239,441	1,035,215	1,578,474	1,902,019	1,472,796	5,309,935	4,615,413	4,316,843

(Continued)

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

J-2

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services:										
Food service	\$ 185,832	\$ 185,870	\$ 148,391	\$ 139,900	\$ 124,002	\$ 123,412	\$ 127,945	\$ 152,721	\$ 129,485	\$ 95,511
Operating grants and contributions	18,448	22,282	29,593	24,994	22,666	25,452	21,544	26,675	24,369	24,908
Capital grants and contributions										
Total business type activities program revenues	204,280	208,152	177,984	164,894	146,668	148,864	149,489	179,396	153,854	120,419
Total district program revenues	\$ 1,123,621	\$ 1,240,546	\$ 1,417,425	\$ 1,200,109	\$ 1,725,142	\$ 2,050,883	\$ 1,622,285	\$ 5,489,331	\$ 4,769,267	\$ 4,437,262
Net (Expense)/Revenue:										
Governmental activities	\$ (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)	\$ (18,760,694)
Business-type activities	(6,576)	(21,552)	(25,158)	(11,924)	(11,422)	(11,830)	(27,233)	(4,472)	(10,738)	(31,391)
Total district-wide net expense	\$ (15,834,048)	\$ (15,269,416)	\$ (15,920,175)	\$ (15,974,944)	\$ (16,098,388)	\$ (15,219,934)	\$ (16,784,339)	\$ (16,864,499)	\$ (18,930,764)	\$ (18,792,085)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 17,280,028
Taxes levied for debt service	912,168	880,961	896,425	902,670	877,890	883,975	461,700	467,100	471,700	465,700
Unrestricted grants and contributions	100,981	364,687	776,383	640,628	509,385	504,346	540,386	552,753	728,279	684,375
Investment earnings	1,411	1,473	1,902	1,634	1,642	1,662	1,665	1,666	30,757	27,728
Miscellaneous income	512,814	114,319	148,119	134,551	107,714	864,287	103,727	149,482	137,787	112,396
Adjustments to fixed assets		15,959								
Transfers	11,000						(28,661)	(4,000)	(7,500)	(39,972)
Total governmental activities	16,201,053	16,318,669	16,913,980	16,615,639	16,619,489	17,746,802	16,822,992	17,424,138	18,208,006	18,530,255
Business-type activities:										
Miscellaneous	445	251	13,298	4,333	1,804	127	118	145	236	157
Adjustments to fixed assets		11,180								2,372
Transfers	(11,000)						28,661	4,000	7,500	39,972
Total business-type activities	(10,555)	11,431	13,298	4,333	1,804	127	28,779	4,145	7,736	42,501
Total district-wide	\$ 16,190,498	\$ 16,330,100	\$ 16,927,278	\$ 16,619,972	\$ 16,621,293	\$ 17,746,929	\$ 16,851,771	\$ 17,428,283	\$ 18,215,742	\$ 18,572,756
Change in Net Position:										
Governmental activities	\$ 373,581	\$ 1,070,805	\$ 1,018,963	\$ 652,619	\$ 532,523	\$ 2,538,698	\$ 65,886	\$ 564,111	\$ (712,020)	\$ (230,439)
Business-type activities	(17,131)	(10,121)	(11,860)	(7,591)	(9,618)	(11,703)	1,546	(327)	(3,002)	11,110
Total district-wide	\$ 356,450	\$ 1,060,684	\$ 1,007,103	\$ 645,028	\$ 522,905	\$ 2,526,995	\$ 67,432	\$ 563,784	\$ (715,022)	\$ (219,329)

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

J-3

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted for:										
Capital reserve	\$ 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	\$ 2,099,616
Future tuition payments	33,653	250,000	500,000	550,000	600,000	600,000	700,000	800,000	850,000	900,000
Maintenance reserve		200,000	600,000	511,187	411,187	511,187	611,187	699,987	657,537	608,269
Excess surplus										
Assigned for:										
Year-end encumbrances	1,153,834	728,663	151,887	150,154	36,537	19,390	70,171	70,284	195,358	404,687
Designated for subsequent year's budget	213,913	7,502	5,145		14,535	12,328	-	-		58,249
Unassigned	<u>340,259</u>	<u>299,406</u>	<u>285,937</u>	<u>306,235</u>	<u>321,667</u>	<u>319,394</u>	<u>336,273</u>	<u>324,086</u>	<u>396,542</u>	<u>476,729</u>
Total general fund	<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>	<u>\$ 4,547,550</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	<u>16,214</u>	<u>2,000</u>								
Total all other governmental funds	<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>	<u>\$ -</u>

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

J-4

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 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	\$ 17,745,728
Tuition charges									8,000	8,000
Interest earnings	1,411	1,473	1,902	1,634	1,642	1,662	1,665	1,666	30,757	27,728
Miscellaneous	512,814	114,319	148,119	134,551	111,714	868,287	103,727	151,111	132,771	114,852
State sources	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	2,432,787
Federal sources	208,237	221,460	193,687	179,211	152,039	184,333	209,539	159,462	164,465	171,096
Total revenue	17,109,394	17,335,104	18,153,421	17,650,854	18,197,963	19,648,821	18,324,449	18,998,555	19,991,464	20,500,191
Expenditures										
Instruction										
Regular Instruction	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	3,895,175
Special education instruction	785,278	958,483	887,449	909,186	942,112	962,243	971,695	993,264	1,051,182	1,053,672
Other special instruction	295,457	302,074	280,789	315,516	274,212	277,800	276,418	291,380	289,490	306,844
Other instruction										
Support Services:										
Tuition	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	5,497,372
Student & instruction related services	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	1,446,336
School administrative services	219,886	210,625	193,913	196,656	203,379	216,814	225,415	237,086	246,213	249,733
General and business admin. services	575,398	523,730	505,939	532,211	549,034	539,466	585,380	607,499	683,641	685,379
Plant operations and maintenance	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	996,697
Pupil transportation	739,754	670,918	645,234	736,553	727,304	549,058	665,798	648,849	987,424	946,373
Other support services	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	3,873,334
Special Schools							5,404	6,143	5,168	3,376
Capital outlay	284,964	1,166,092	719,680	716,906	1,188,847	1,820,271	336,642	306,136	1,442,913	1,179,068
Debt service:										
Principal	602,409	648,168	678,985	709,843	710,000	745,000	355,000	375,000	395,000	405,000
Interest and other charges	293,545	247,007	219,440	192,792	167,925	138,975	106,700	92,100	76,700	60,700
Total expenditures	17,286,460	17,610,438	17,002,463	17,343,722	18,594,182	19,079,701	17,905,654	18,277,321	20,858,466	20,599,059
Excess (Deficiency) of revenues over (under) expenditures	(177,066)	(275,334)	1,150,958	307,132	(396,219)	569,120	418,795	721,234	(867,002)	(98,868)
Other Financing sources (uses)										
Proceeds from borrowing										
Accrued interest on sale of bonds										
Capital contribution										
Transfers in	11,000			209,088	662,169	1,397,698	-	-		247,352
Transfers out				(209,088)	(662,169)	(1,397,698)	(28,661)	(4,000)	(7,500)	(287,324)
Total other financing sources (uses)	11,000	-	-	-	-	-	(28,661)	(4,000)	(7,500)	(39,972)
Net change in fund balances	\$ (166,066)	\$ (275,334)	\$ 1,150,958	\$ 307,132	\$ (396,219)	\$ 569,120	\$ 390,134	\$ 717,234	\$ (874,502)	\$ (138,840)
Debt service as a percentage of noncapital expenditures	5.27%	5.44%	5.52%	5.43%	5.04%	5.12%	2.63%	2.60%	2.43%	2.40%

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Tuition Refund	Prior Year Refunds	Rentals	Donations	Camp Fees	Miscellaneous	Total
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
2020	75,574	8,000		6,393	50,670		3,400	4,087	148,124
	<u>\$ 499,341</u>	<u>\$ 28,000</u>	<u>\$ 449,138</u>	<u>\$ 913,644</u>	<u>\$ 513,846</u>	<u>\$ 16,353</u>	<u>\$ 10,200</u>	<u>\$ 42,214</u>	<u>\$ 2,472,736</u>

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax- Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
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
2020	3,060,600	720,341,500	30,360,000	2,594,200	240,036,900	848,944,700	622,300	1,845,960,200	1,974,681	1,847,934,881	81,847,151	0.975	1,906,757,838

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	
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
2020	0.950	0.025	0.975	0.399	0.406	1.780

Source: Municipal Tax Collector

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

J-8

Taxpayer	2020		Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Cranbury Brickyard, LLC	\$ 135,441,300	7.37%	Keystone Cranbury East, LLC	\$ 136,504,200	8.53%
Prologis	127,954,600	6.96%	Cedar Brook Corporate Center	118,695,800	7.42%
Cedarbrook Corporate Center	119,298,800	6.49%	Sudler Management	61,187,500	3.82%
Keystone	118,560,400	6.45%	Defa/Rock Exit 8A LTD Partnership	51,028,100	3.19%
Sudler Management	85,603,300	4.66%	FR Net Lease	42,333,600	2.65%
CLPF Cranbury Station Park LLC	62,260,700	3.39%	RREEF America REIT Corp	38,767,100	2.42%
Duke Realty	44,987,900	2.45%	Kerzner Associates, LLC	37,924,600	2.37%
Prospect Plains ILP	42,333,600	2.30%	Security Capital Industrial Trust	35,983,100	2.25%
Kerzner Associates, LLC	38,980,700	2.12%	Morris Cranbury Assoc. Ltd.	32,208,700	2.01%
RREEF America REIT Corp	34,404,900	1.87%	Prologis Development	31,111,000	1.94%
Total	<u>\$ 809,826,200</u>	<u>44.09%</u>		<u>\$ 585,743,700</u>	<u>36.60%</u>

Source: Municipal Tax Assessor

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

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2020	17,745,728	17,745,728	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		Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds ^a	Unfunded Pension Liability	Capital Leases	Capital Leases	Total District		
2011	\$ 6,336,996	\$ -	\$ -	\$ -	\$ 6,336,996	3.21%	\$ 1,637
2012	5,688,828	-	-	-	5,688,828	2.74%	1,465
2013	5,009,843	-	-	-	5,009,843	2.46%	1,291
2014	4,300,000	-	-	-	4,300,000	2.05%	1,105
2015	3,590,000	-	-	-	3,590,000	1.68%	923
2016	2,845,000	-	-	-	2,845,000	1.32%	732
2017	2,490,000	-	-	-	2,490,000	1.10%	642
2018	2,115,000	-	-	-	2,115,000	0.87%	529
2019	1,720,000	-	-	-	1,720,000	d	423
2020	1,315,000				1,315,000	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 ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2011	\$ 6,336,996	\$ -	\$ 6,336,996	0.40%	\$ 1,637
2012	5,688,828	-	5,688,828	0.37%	1,465
2013	5,009,843	-	5,009,843	0.32%	1,291
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%	529
2019	1,720,000	-	1,720,000	0.10%	423
2020	1,315,000		1,315,000	0.07%	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, 2019**

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Cranbury	\$ 18,864,702 (1)	100.000%	\$ 18,864,702
Middlesex County General Obligation Debt	454,074,693 (1)	1.619% (2)	7,351,469
			<hr/>
Subtotal, overlapping debt			26,216,171
Cranbury School District Direct Debt			<hr/> 1,315,000
Total direct and overlapping debt			<hr/> \$ 27,531,171 <hr/>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Township's share of the 2019 Equalized Valuation. The source for this computation was the 2019 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 2020

Equalized valuation basis (1)	
2017	\$ 1,611,902,879
2018	1,652,000,103
2019	1,816,110,090
	<u>\$ 5,080,013,072</u>
Average equalized valuation of taxable property	<u>\$ 1,693,337,691</u>
Debt limit (3% of average equalized valuation) (2)	50,800,131
Net bonded school debt (3)	1,315,000
Legal debt margin	<u>\$ 49,485,131</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 50,800,131
Total net debt applicable to limit (3)	<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>	<u>1,315,000</u>
Legal debt margin	<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>	<u>\$ 49,485,131</u>
Total net debt applicable to the limit as a percentage of debt limit	11.86%	11.03%	9.52%	9.13%	7.98%	6.25%	5.57%	4.57%	3.63%	2.59%

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2011	3,871	\$ 197,300,999	\$ 50,969	3.9%
2012	3,884	207,541,540	53,435	3.9%
2013	3,882	203,692,422	52,471	3.9%
2014	3,890	209,884,950	53,955	5.1%
2015	3,889	213,782,219	54,971	4.0%
2016	3,886	219,660,036	56,526	3.3%
2017	3,876	225,474,672	58,172	3.4%
2018	3,995	243,954,675	61,065	3.3%
2019	4,067	e	e	2.5%
2020	e	e	e	e

Source:

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

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

J-16

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	51	50	50	50	49	47	47	48	48	49
Special education	13	14	14	14	21	22	22	22	23	24
Support Services:										
Student & instruction related services	10	11	12	11	12	12	13	13	13	13
School administrative services	5	5	5	5	5	6	6	5	6	6
Plant operations and maintenance	7	7	7	7	7	7	7	5	5	5
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Business and other support services	3	3	3	3	4	4	4	4	4	4
Total	<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>	<u>102</u>

Source:

District Personnel Records

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

J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2020	479	18,954,291	39,571	-0.57%	73	1:10	484.2	469.8	3.92%	97.03%

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
<u>Elementary</u>										
Cranbury Township Elementary (1982)										
Square Feet	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	609	581	554	550	515	492	466	473	472	484

Number of Schools at June 30, 2020

 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

	Fiscal Year										Total
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
* School Facilities											
Cranbury Public School	\$ 114,740	\$ 83,129	\$ 104,430	\$ 87,203	\$ 168,359	\$ 105,876	\$ 77,806	\$ 63,915	\$ 65,662	\$ 86,274	\$ 957,394
Total School Facilities	<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>\$ 86,274</u>	<u>\$ 957,394</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, 2020**

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property/Auto Physical Damage	\$ 500,000,000	\$ 2,500
Boiler and Machinery	100,000,000	2,500
Auto Liability	5,000,000	
General Liability	5,000,000	
Employee Benefits Liability	5,000,000	1,000
Crime Money and Security	50,000	1,000
Crime - Blanket Dishonesty Bond	500,000	1,000
Excess General Liability and Auto	15,000,000	
School Leaders' Professional Liability	5,000,000	5,000
Excess School Leaders' Professional Liability	15,000,000	
Workers' Compensation	Statutory	
Employers Liability	5,000,000	
Supplemental Workers' Compensation	Statutory	
Cyber Liability	2,000,000	10,000
Environmental Impairment Liability	25,000,000	10,000
Student Accident Insurance (2)	1,000,000	
Surety Bonds (3)		
Treasurer	205,000	
Board Secretary	205,000	

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

Source: District records

Single Audit Section

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**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 School District, in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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 December 18, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Cranbury School District's internal control over financial reporting (internal control) as a basis for designing 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 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 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 financial statements. 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 is 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
December 18, 2020

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Certified Public Accountants

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**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 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, 2020. 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 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, 2020.

Report on Internal Control Over Compliance

Management of the Cranbury 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 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
December 18, 2020

CRANBURY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2019			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2020			
						(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I:																
Fiscal Year 2020	84.010	S010A190030	ESSA097020	\$ 28,524	7/1/19 - 9/30/20	\$ -	\$ -	\$ -	\$ -	\$ 27,967	\$ (27,967)	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2019	84.010	S010A180030	ESSA097019	30,453	7/1/18 - 6/30/19	(11,831)				11,831			-			
Title II A:																
Fiscal Year 2020	84.367A	S367A190029	ESSA097020	13,819	7/1/19 - 9/30/20					956	(10,362)		(9,406)			
Fiscal Year 2019	84.367A	S367A180029	ESSA097019	9,578	7/1/18 - 6/30/19	(6,120)				6,120			-			
Title IV:																
Fiscal Year 2020	84.424	S424A190031	ESSA097020	10,900	7/1/19 - 9/30/20					10,000	(10,000)		-			
Fiscal Year 2019	84.424	S424A180031	ESSA097019	10,000	7/1/18 - 6/30/19	(501)				501			-			
I.D.E.A. Part B - Basic:																
Fiscal Year 2020	84.027	H027A190100	IDEA097020	117,143	7/1/19 - 9/30/20					92,741	(117,143)		(24,402)			
Fiscal Year 2019	84.027	H027A180100	IDEA097019	112,942	7/1/18 - 6/30/19	(15,200)				15,200			-			
I.D.E.A. Part B - Preschool:																
Fiscal Year 2020	84.173	H173A190114	IDEA097020	5,624	7/1/19 - 9/30/20					3,329	(5,624)		(2,295)			
Fiscal Year 2019	84.173	H173A180114	IDEA097019	5,519	7/1/18 - 6/30/19	(2,190)				2,190			-			
Total U.S. Department of Education						(35,842)				170,835	(171,096)		(36,103)			
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program:																
Fiscal Year 2020	10.565	201NJ304N1099	N/A	8,001	7/1/19 - 6/30/20					8,001	(8,001)		-			
National School Lunch Program																
Fiscal Year 2020	10.555	201NJ304N1099	N/A	15,590	7/1/19 - 6/30/20					14,859	(15,590)		(731)			
Fiscal Year 2019	10.555	191NJ304N1099	N/A	17,945	7/1/18 - 6/30/19	(1,271)				1,271						
Total U.S. Department of Agriculture						(1,271)				24,131	(23,591)		(731)			
Total Federal Awards						\$ (37,113)	\$ -	\$ -	\$ -	\$ 194,966	\$ (194,687)	\$ -	\$ (36,834)	\$ -	\$ -	\$ -

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, 2020

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2019			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2020		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
General Fund:													
Special Education Categorical Aid	20-495-034-5120-089	\$ 456,180	7/1/19- 6/30/20	\$ -	\$ -	\$ -	\$ -	\$ 412,500	\$ (456,180)	\$ -	\$ (43,680)	\$ -	\$ -
Special Education Categorical Aid	19-495-034-5120-089	404,655	7/1/18- 6/30/19	(37,424)				37,424			-		
Transportation Aid	20-495-034-5120-014	163,336	7/1/19- 6/30/20					147,696	(163,336)		(15,640)		
Transportation Aid	19-495-034-5120-014	163,336	7/1/18- 6/30/19	(15,106)				15,106			-		
Security Aid	20-495-034-5120-084	13,756	7/1/19- 6/30/20					12,439	(13,756)		(1,317)		
Security Aid	19-495-034-5120-084	13,756	7/1/18- 6/30/19	(1,272)				1,272			-		
Extraordinary Special Education Costs	20-495-034-5120-044	172,904	7/1/19- 6/30/20						(172,904)		(172,904)		
Extraordinary Special Education Costs	19-495-034-5120-044	71,738	7/1/18- 6/30/19	(71,738)				71,738			-		
Nonpublic Transportation Aid	20-495-034-5120-014	290	7/1/19- 6/30/20						(290)		(290)		
Nonpublic Transportation Aid	19-495-034-5120-014	7,830	7/1/18- 6/30/19	(7,830)				7,830			-		
On-behalf TPAF Post Retirement Medical	20-495-034-5094-001	373,285	7/1/19- 6/30/20					373,285	(373,285)		-		
On-behalf TPAF Pension Contribution	20-495-034-5094-002	1,006,211	7/1/19- 6/30/20					1,006,211	(1,006,211)		-		
On-behalf TPAF LTDI	20-495-034-5094-004	848	7/1/19- 6/30/20					848	(848)		-		
Reimbursed TPAF Social Security Contr.	20-495-034-5094-003	363,704	7/1/19- 6/30/20					345,922	(363,704)		(17,782)		
Reimbursed TPAF Social Security Contr.	19-495-034-5094-003	346,958	7/1/18- 6/30/19	(16,663)				16,663			-		
Total General Fund				(150,033)	-	-	-	2,448,934	(2,550,514)	-	(251,613)	-	-
Special Revenue Fund:													
Nonpublic Textbook Aid	20-100-034-5120-064	685	7/1/19- 6/30/20					685	(685)		(29)		29
Nonpublic Technology Aid	20-100-034-5120-373	468	7/1/19- 6/30/20					468	(468)		(52)		52
Nonpublic Security Aid	20-100-034-5120-509	1,950	7/1/19- 6/30/20					1,950	(1,950)		(1,950)		1,950
Nonpublic Nursing Aid	20-100-034-5120-070	1,261	7/1/19- 6/30/20					1,261	(1,261)		(1,185)		1,185
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	893	7/1/18- 6/30/19			893				893			-
Total Special Revenue Fund				-	-	995	-	4,364	(4,364)	995	(3,216)	-	3,216
Total Department of Education				(150,033)	-	995	-	2,453,298	(2,554,878)	995	(254,829)	-	3,216
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				-		
				\$ (115,256)			115,256						
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2020	20-100-010-3350-023	1,317	7/1/19 - 6/30/20					959	(1,317)		(358)		
Fiscal Year 2019	19-100-010-3350-023	1,116	7/1/18 - 6/30/19	(78)				78			-		
Total Department of Agriculture				(78)				1,037	(1,317)		(358)		
Total State Financial Assistance				\$ (265,367)	\$ -	\$ 995	\$ 115,256	\$ 2,454,335	\$ (2,556,195)	\$ 995	\$ (255,187)	\$ -	\$ 3,216
Less: State Financial Expenditures Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)									(1,006,211)				
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)									(848)				
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)									(373,285)				
Total State Financial Expenditures Subject to Major Program Determination									\$ (1,175,851)				

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, 2020**

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 (\$6,835) in the general fund and \$-0- 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, 2020
(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	\$ -	\$ 2,543,679	\$ 2,543,679
Special Revenue	171,096	4,364	175,460
Food Service	<u>23,591</u>	<u>1,317</u>	<u>24,908</u>
Total	<u>\$ 194,687</u>	<u>\$ 2,549,360</u>	<u>\$ 2,744,047</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, 2020. 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, 2020.

6. MAJOR PROGRAMS

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

Financial Statement Section

Noncompliance material to general purpose financial statements noted?	yes	X	no
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NOT APPLICABLE

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?	yes	no
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Name of Federal Program or Cluster

Auditee qualified as low-risk auditee?	yes	no

State Awards

Identification of major programs:

Security Aid

**CRANBURY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.