

EX School District - 5
3/20/19

**SCHOOL DISTRICT
OF
CRANFORD TOWNSHIP**

**CRANFORD TOWNSHIP
BOARD OF EDUCATION**

**COUNTY OF UNION
CRANFORD, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2018**

**CRANFORD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2018**

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INTRODUCTORY SECTION



Cranford Public School District

Robert J. Carfagno, CPA, RMA, PSA
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January 25, 2019

Honorable President and
Members of the Board of Education
Cranford Township Public School District
Cranford, NJ 07016

Dear Board Members:

The comprehensive annual financial (CAFR) of the Cranford Township Public School District (District) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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.

This comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this letter of transmittal, the District's organization chart and a list of principal officials. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and notes, supplemental information and the combining individual fund schedules. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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: The Cranford Township Public School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) in codification section 2100. All funds and account groups of the District are included in this report. The Cranford Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular education as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 3,860 students, which is 45 students below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	3,860	-1.13%
2016-2017	3,905	0.00%
2015-2016	3,901	0.00%
2014-2015	3,903	0.36%
2013-2014	3,889	-0.18%

2. ECONOMIC CONDITION AND OUTLOOK: The Cranford Township School District and the community have enjoyed a relatively stable economic condition and financial outlook over the past decade, however with the two variables of state aid and revenue generation declining, the financial impact has begun to negatively impact the local school tax levy pushing it to a higher proportion of the total tax levy. The 2017-2018 year saw a slight increase of state formula aid (\$71,786.00), and is only at 73% of the amount provided during the 2009-2010 school year. These factors have created a heavy dependence on local tax revenue to support the school district.

What is quickly becoming a reality is that more and more of the district budget is dominated by fixed costs, many being mandated and contractual obligations. Trends indicate that spending in the area of contractual and mandated categories are increasing while spending in discretionary and non-contractual items of spending are decreasing. Trends have seen increases in mandated Special Education Programs and health benefits well above 2% annual increases.

3. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining internal control 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). Internal control 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 awards and state financial assistance, the District also is responsible for ensuring that an adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. Since grant periods differ in their prescribed fiscal years, representations are made prior to the end of the fiscal year for those grants having fiscal years other than July 1 through June 30.

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

4. 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 capital improvements and are accounted for in the capital projects fund. The original and 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

5. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB, as explained in the "Notes to the Financial Statements," Note 1.

6. FINANCIAL INFORMATION AT FISCAL YEAR END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2018 and the amount and percentage of increases/decreases in relation to prior year revenues.

<u>Revenue</u>	<u>FY 2018 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2017</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	60,058,238.98	82.10%	1,805,005.24	3.10%
State Sources	12,067,782.64	16.50%	1,579,526.86	15.06%
Federal Sources	<u>1,026,393.75</u>	<u>1.40%</u>	<u>(32,295.98)</u>	<u>(3.05%)</u>
Total	<u>73,152,415.37</u>	<u>100.00%</u>	<u>2,532,005.48</u>	<u>4.80%</u>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2018 and the percentage of increases/decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>FY 2018 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2017</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	27,806,323.88	37.51%	151,903.26	0.55%
Undistributed	43,730,440.29	58.99%	3,482,880.60	8.65%
Capital Outlay	153,450.03	0.21%	(282,926.26)	(64.84%)
Special Revenue	1,204,424.22	1.62%	(76,280.23)	(5.96%)
Debt Service:				
Principal	902,000.00	1.22%	37,000.00	4.28%
Interest	<u>331,897.50</u>	<u>0.45%</u>	<u>(25,465.00)</u>	<u>(7.13%)</u>
Total	<u>74,128,535.92</u>	<u>100.00%</u>	<u>3,287,112.37</u>	<u>4.64%</u>

7. DEBT ADMINISTRATION: At June 30, 2018, the District reported outstanding debt of \$9,168,000.00 of general obligation bonds.

8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state 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 Governmental 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.

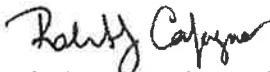
9. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Management and the Board of Education continue to explore innovative ways to contain insurance costs while still minimizing risks. A schedule of insurance coverage is found on Exhibit J-20.

The District along with other school districts, is a member of the Diploma Joint Insurance Fund for Workers' Compensation Insurance Coverage. The Fund is organized and operated pursuant to the regulatory authority of the Department of Banking and Insurance, State of New Jersey and provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained excess liability coverages for participants. Additional information is included in Note 8 to the Basic Financial Statements.

10. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Hodulik & Morrison, P.A. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet 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 the New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

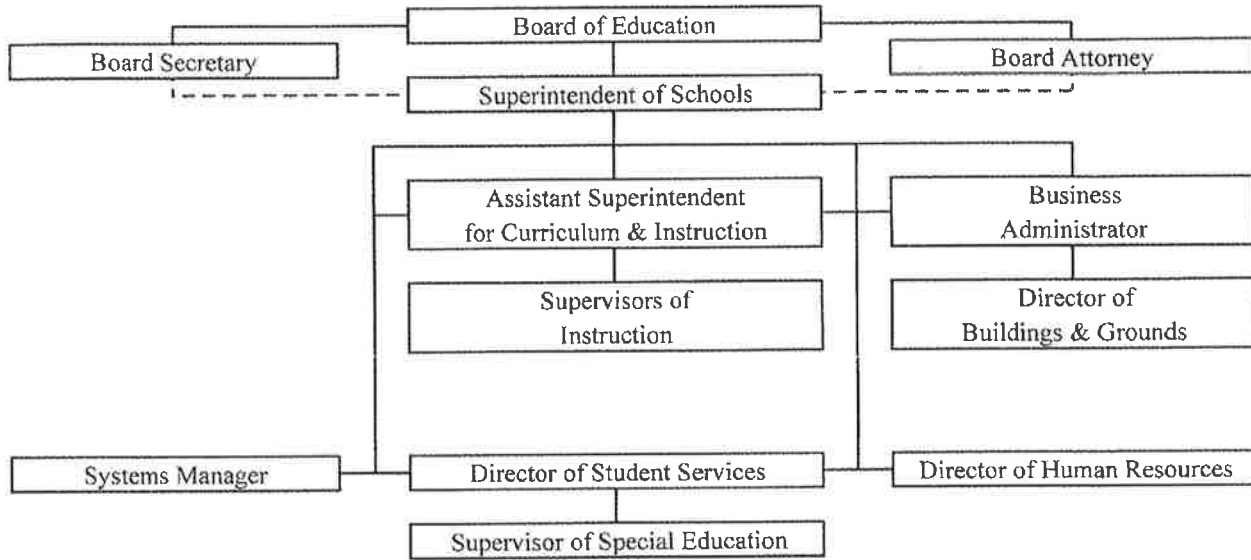
11. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Cranford Township Board of Education for their diligence and concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development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

Respectfully submitted,



Robert J. Carfagno, CPA, RMA, PSA
Business Administrator/Board Secretary

CRANFORD PUBLIC SCHOOL DISTRICT
ORGANIZATIONAL CHART
DISTRICT ADMINISTRATION



**BOARD OF EDUCATION
TOWNSHIP OF CRANFORD**

**ROSTER OF OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Members of the Board of Education

Term Expires*

Kurt Petschow, Jr.	President	2020
Lisa A. Carbone	Vice President	2020
Daniel DeMarco	Member	2018**
William Hulse	Member	2018
Nicole Sherrin Kessler	Member	2019
Maria Loikith	Member	2018
Patrick A. Lynch	Member	2019
Kristen Mallon	Member	2020
Catherine Sheridan	Member	2019

Other Officials

Scott Rubin, Ed.D., Superintendent of Schools

Robert J. Carfagno, CPA, Business Administrator/Board Secretary

*** The Board of Education passed a Resolution on January 23, 2012 changing the annual election date for its members from the third Tuesday in April to the first Tuesday after the first Monday in November (the General Election), beginning in 2012. Terms expire in the following January after the year in which the term expires.**

**** Filling Unexpired Term.**

**BOARD OF EDUCATION
TOWNSHIP OF CRANFORD
CONSULTANTS AND ADVISORS**

Audit Firm

**Hodulik & Morrison, P.A.
1102 Raritan Avenue
Highland Park, New Jersey 08904**

Attorney

**Anthony P. Sciarrillo, Esq.
Sciarrillo, Cornell, Merlino, McKeever & Osborne, L.L.C
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Westfield, NJ 07090**

Official Depository

**Investors Bank
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Cranford, New Jersey 07016**

Bond Counsel

**Lisa A. Gorab, Esq.
Wilentz, Goldman & Spitzer P.A.
90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, New Jersey 07095-0958**

FINANCIAL SECTION

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
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ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Cranford School District
Cranford, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Cranford School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Cranford Board of Education'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cranford Board of Education, County of Union, State of New Jersey as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 6 to the financial statements, during the fiscal year ending June 30, 2018, the Cranford Public School District implemented the provisions of Statement Number 75 of the Governmental Accounting Standards Board (GASB 75). GASB 75 changed the measurement criteria and reporting provisions relating to the District's proportionate share (if any), of the annual expense and net liability of the post-retirement employee benefits other than pensions (OPEB) of plans in which its employees are enrolled. As the State of New Jersey is solely responsible for the funding of all local education agency OPEB plans for the provisions of health benefits, and the Cranford Public School District offers no additional OPEB plans, no additional disclosures were required to the accompanying statement of net position. The accompanying statement of activities discloses the allocated expense of the OPEB plan, and an equal revenue to reflect the existing Special Funding Situation, for the year based upon GASB 75 implementation. Note 6 of the Notes to the Financial Statements also discloses the District's proportionate share, for information purposes only, of the state sponsored OPEB Plan. Our Opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information including the Notes thereto, and pension plan information, including the Notes thereto, 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, economical, or historical context. We 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cranford Board of Education's basic financial statements taken as a whole.

The accompanying other supplementary information, consisting of the combining and individual fund financial statements and long-term debt schedules as listed in the table of contents, the schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance); the schedule of expenditures of state financial assistance as required by New Jersey OMB's Circular 15-08, and the other information including the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules and schedule of expenditures of federal awards and schedule of expenditures of 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and the schedule expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019 on our consideration of the Cranford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Cranford School District's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Robert S. Morrison

Robert S. Morrison
Public School Accountant
PSA # 871

Highland Park, New Jersey
January 25, 2019

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

Cranford Township Public School District
Cranford, New Jersey
Union County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
(Unaudited)
June 30, 2018

The Cranford Township School District (the "District") discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2018, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The focus of the Management Discussion and Analysis (MD&A) is on current year activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the Transmittal Letter and the District's Financial Statements.

FINANCIAL HIGHLIGHTS

The key financial highlights for the 2017-2018 fiscal year include the following:

Total net position for governmental activities are reported at \$29,538,655 at June 30, 2018. This represents a decrease of \$1,802,321 or 5.75% decrease over the prior year reported net position. Governmental funds reported a total fund balance of \$2,484,972.16 (see Exhibit B-1), which is a 30.18% decrease from last year's total governmental fund balance. This decrease is primarily the result of expenditures being greater than revenues in the General Fund, the closeout of grants and other expenses without any budgeted revenues in the capital projects fund, as well as a decrease in assigned Debt Service Fund Balance at June 30, 2018. The general or operating fund balance was reported at \$890,916 of which \$662,167 was appropriated toward the approved and adopted 2018-2019 budget. The unrestricted general fund balance is reported at \$55,264. The ending fund balance was impacted by the non-recognition, on a GAAP basis, of net State Aid payments deferred to July 2018 in the amount of \$656,881 in the general fund, that were due at June 30, 2018, but not yet funded by the State of New Jersey as of that date. Total spending for all governmental funds was \$74,164,054. Total revenues were \$73,152,415, resulting in a deficit of revenues over expenditures of \$(1,011,639) for the year. This deficit is primarily the result of expenditures being greater than revenues in the utilization of General Fund Balance and the Debt Service Fund Balance in the approved and adopted 2017-2018 school district budget. Please note proceeds from the sale of financings are not included in revenues whereas the spending related to the capital projects are included in the expenditures reported. Revenues included \$13,094,176 in state and federal aid and \$56,119,857 in local taxes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the district operated like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationship in which the district acts solely as a trustee or agent for the benefits of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of the School District Annual Financial Report

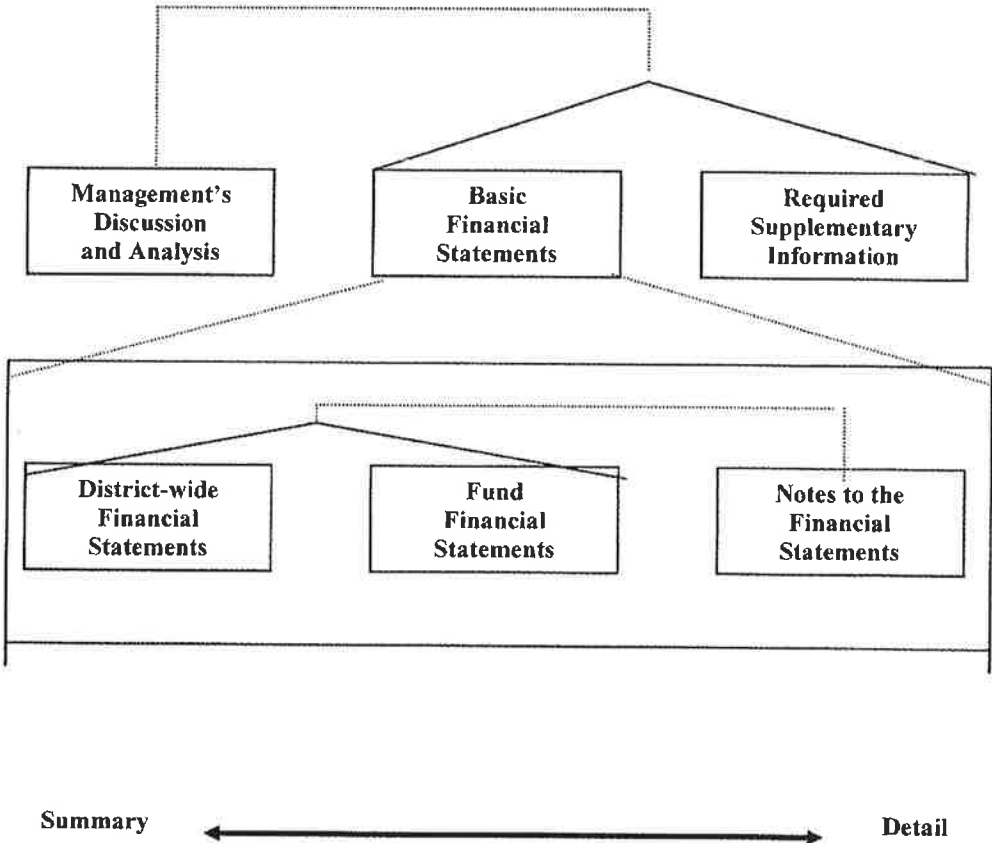


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2
Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets, liabilities, Deferred inflows/outflows of resources, financial and capital, short-term and long term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out-flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the district's net position and how they have changed. Net position - the difference between the district's assets and liabilities - is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider that the school district's goal is to provide services to students, not to generate profit as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the district.

In the district-wide financial statements, the district's activities are divided into two categories:

- Governmental activities: Most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities: The district charges fees to help it cover the costs of certain services it provides. The district's food services and reading academy are included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The district has three kinds of funds:

- Governmental funds: Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- Proprietary funds: Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The district's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

- **Fiduciary funds:** The district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school district's Governmental Activities net position were \$29,538,655 at June 30, 2018. Of this amount, (\$20,610,510) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net position (Figure A-3) and change in net position (Figure A-4) of the school district's governmental activities.

Figure A-3
Net Position

	Governmental Activities <u>2017</u>	Governmental Activities <u>2018</u>	% Increase (Decrease)
Current and other assets	\$ 4,555,318	\$ 3,494,387	(23.29)
Capital assets	<u>58,255,330</u>	<u>57,262,731</u>	(1.70)
Total assets	<u>62,810,648</u>	<u>60,757,117</u>	(3.27)
Deferred Outflow of Resources	<u>7,900,883</u>	<u>5,742,193</u>	(27.32)
Total Deferred Outflows	<u>7,900,883</u>	<u>5,742,193</u>	(27.32)
Current and other liabilities	\$ 3,000,751	\$ 2,638,177	(12.08)
Long-term liabilities	<u>35,944,253</u>	<u>30,088,428</u>	(16.29)
Total liabilities	<u>\$38,945,004</u>	<u>\$32,726,606</u>	(15.97)
Deferred Inflow of Resources	<u>425,551</u>	<u>4,234,050</u>	894.96
Total Deferred Inflows	<u>425,551</u>	<u>4,234,050</u>	894.96
Net Position:			
Net Investment in Capital Assets	\$47,684,307	\$47,719,096	0.07
Restricted	2,995,874	2,429,708	6.57
Unrestricted	<u>(19,339,205)</u>	<u>(20,610,150)</u>	(18.90)
Total net position (restated)	<u>\$31,340,976</u>	<u>\$29,538,655</u>	(5.75)

The (\$20,610,150) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if we had to pay off all of our bills today including all of our non-capital liabilities (compensated absences for example), we would have (\$20,610,150) left.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

The results of this year's operations for the school district Governmental Activities as a whole are reported in the Statement of Activities. Figure A-4, below, takes the information from that Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues and expenses for the year.

Figure A-4
Activity Results for Years Ended

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>Increase/ (Decrease)</u>
Revenues:			
Program revenue			
State grants & entitlements	<u>\$11,643,520</u>	<u>\$26,890,249</u>	<u>\$15,246,729</u>
General Revenue			
Local tax levy	54,104,640	56,119,857	2,015,217
Federal and State aid	10,157	6,923	(3,234)
Miscellaneous revenues (Incl. Special items & Transfers)	<u>4,034,961</u>	<u>3,757,239</u>	<u>(277,721)</u>
Total Revenues	<u>\$69,793,278</u>	<u>\$86,774,268</u>	<u>\$16,980,990</u>
Functions/Program Expenses:			
Instruction			
Regular programs	18,565,856	18,814,158	248,302
Special programs	7,506,296	7,292,600	(213,696)
Other Instructional programs	1,886,748	1,977,922	91,174
Support Services			
Student services	7,122,028	7,247,411	125,383
Tuition	3,110,579	4,079,169	968,590
Instructional staff support			
General administration and			
Business services	1,935,634	2,049,149	113,515
School administration	2,878,915	2,898,156	19,241
Plant services	5,687,368	5,733,120	45,752
Student transportation services	1,485,523	1,542,602	57,079
Unallocated benefits	21,542,274	36,584,784	15,042,510
Unallocated depreciation and amortization	59,042	31,920	(27,122)
Community services programs			
Interest on long-term debt	<u>351,438</u>	<u>325,599</u>	<u>(25,839)</u>
Total Expenses	<u>\$72,131,701</u>	<u>\$88,576,589</u>	<u>\$16,444,888</u>
<i>Increase/-decrease in net position</i>	<u><i>\$(2,338,423)</i></u>	<u><i>\$(1,802,321)</i></u>	<u><i>\$536,102</i></u>

Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year was \$88,576,589. These costs were financed by \$56,119,857 in local property school taxes, \$26,897,172 in federal and state aid and \$3,757,239 in miscellaneous revenues including interest, general entitlements, special items and transfers.

In Figure A-5, below, we have presented the cost of each of the school district's seven largest functions as listed below. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by the function.

Figure A-5
Governmental Activities
Total Cost of Services

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2018</u>
Regular programs instruction	\$18,565,856	\$18,814,158
Unallocated benefits	21,542,274	36,584,784
Student services	7,122,028	7,247,411
Special Program instruction	7,506,296	7,292,600
Plant services	5,687,368	5,733,120
School Administration	2,878,915	2,898,156
All others	<u>8,828,964</u>	<u>10,006,361</u>
Total	<u>\$72,131,701</u>	<u>\$88,576,589</u>

Financial Analysis of the District's Funds

As we noted earlier, the school district uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the school district is being accountable for the resources provided to it, and also, gives more insight into the school district's overall financial health.

As the school district completed this year, our governmental funds reported a combined fund balance of \$2,484,972, which is a decrease of \$1,074,315 from last year. This decrease is primarily the result of expenditures being greater than revenues in the General Fund, the closeout of grants and other expenses without any budgeted revenues in the capital projects fund, as well as a decrease in assigned Debt Service Fund Balance at June 30, 2018. Also, as noted previously, the reported governmental fund balance is impacted by the non-recognition, on a GAAP basis, of State Aid payments deferred to July 2018 in the combined amount of \$656,881.

General Fund Budgetary Highlights

Over the course of the year, the school district revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board of Education throughout the year. Although the district's projected budget for the general fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a deficit.

Actual revenues reflect a positive variance of \$8.8 million. This is primarily due to the non-budgeted employer on-behalf TPAF pension, post retirement medical and social security contributions of \$9.0 million made by the State of New Jersey.

Actual expenditures reflect a negative variance of \$8.5 million even though almost all budget lines show a positive variance. This is primarily due to the non-budgeted employer on-behalf TPAF pension, post retirement medical and social security contributions of \$9.0 million made by the State of New Jersey.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the school district had \$134,490,287 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements and furniture and equipment. This amount represents a net increase (including additions and deductions) of \$117,753, or approximately 0.09% percent, from last year. These amounts do not include depreciation.

Figure A-6
Capital Assets at Year-End

<u>Governmental Activities</u>	<u>2017</u>	<u>2018</u>
Land	\$41,197,641	\$41,197,641
Buildings and Improvements	87,813,327	87,862,529
Furniture, Equipment and Vehicles	<u>5,361,566</u>	<u>5,430,117</u>
Total	<u>\$134,372,534</u>	<u>\$134,490,287</u>

See the accompanying Notes to the Financial Statements for additional information.

Long-Term Debt

At the end of this year, the school district had \$9,543,634 in bonds and capital leases outstanding versus \$11,571,023 the previous year -- a decrease of 9.72%. The long-term debt at of the District consisted of:

Figure A-7
Outstanding Debt, at Year-End

<u>Governmental Activities</u>	<u>2017</u>	<u>2018</u>
Capital leases	\$ 501,023	\$ 375,634
General obligation bonds	<u>10,070,000</u>	<u>9,168,000</u>
Total	<u>\$10,571,023</u>	<u>\$9,543,634</u>

The school district's general obligation bond rating continues to be above investment grade. The state limits the amount of general obligation debt that Districts can issue to 4% (for K through 12 districts) of the most recent three-year average state equalized assessed value of the taxable property within the school district's corporate limits. The school district's outstanding and authorized but not issued general obligation debt of \$9,168,000 at June 30, 2018 is significantly below the \$170,280,805 statutorily-imposed limit. See the Notes to the Financial Statements and Schedule J-13 for additional information.

Other obligations include accrued vacation pay and sick leave and the school district's proportionate share of the Net Pension Liability of the New Jersey Public Employees Retirement System. We present more detailed information about our long-term liabilities in the notes to the financial statement.

FACTORS AFFECTING THE DISTRICT'S FUTURE

- The financial position of the district remains in a good and stable condition despite the difficult economic times. However, maintaining existing programs with enrollment needs, provisions of the multitude of programs/services legally required for special needs pupils, unfunded federal and state mandates and the cost of employee benefits place a great demand on the district's resources. As a result, careful management of expenses remains essential for the district to sustain its financial health.
- The state made significant cuts in aid to the district's 2010-2011 budget in the amount of \$2,594,245. This cut in the 2010-2011 budget represented 5% of the district's overall budget. Even though unrestricted state aid has been increased through the 2018-2019 budget cycle, and even with an additional \$187,301 in state aid in the 2018-2019 budget, the district is still dealing with a net loss of \$721,238 in state aid since 2009-2010 funding levels. There is no guarantee, based upon the current economic conditions that state aid levels will continue in the future. Also, the state currently only funds approximately 5% of the overall district budget. The incremental effect of the continued under funding of education, including unfunded federal and state mandates, continues to increase the reliance on local tax revenues to sustain the existing educational programs.
- Budget cap law, P.L. 2010, c. 44, effective July 13, 2010 (the "New Cap Law"), further provides limitations on a school district spending by limiting the amount a school district can raise for school district purposes through the property tax levy by two percent (2%) over the prior year's tax levy. The New Cap Law provides for certain adjustments to the tax levy cap for specific circumstances relating to enrollment increases, health care cost increases and increases in amounts for certain normal and accrued liability pension contributions. However, any utilization of these adjustments will result in an increased local tax burden upon the property owners of Cranford.
- The passage of S-1701 required all districts to reduce surplus to the greater of 2% or \$100,000 in 2005-2006 and maintained a reduced surplus of 2% starting in the 2006-2007 fiscal year. The law's surplus restriction runs contrary to sound financial principles, which have served as the basis for previous, long-standing state Department of Education policy. This restriction also undermines needed flexibility for long-term district planning. Until the enactment of S-1701, state statute permitted school districts, such as Cranford, to establish surplus accounts that ranged between 3% and 6%. Further, the state Department of Education's previous policy and administrative code required school districts to obtain state permission to budget surplus below the 3% maximum. Inadequate reserves place school districts in a precarious financial position as they could find themselves ill prepared to deal with unanticipated expenditures that may lead to a budgetary crisis. Furthermore, the drawing down of district surplus's through forced utilization of budgeted fund balance generates automatic revenue shortfalls in subsequent budgets and drives the need to offset such shortfalls through increases in the tax levy or cut other areas such as instructional programming or maintenance.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it received. If you have questions about this report or wish to request additional financial information, contact Robert J. Carfagno, CPA, Business Administrator/Board Secretary, at 132 Thomas Street, Cranford, New Jersey, 07016.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SECTION – A

CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,643,434.54	\$ 39,039.34	\$ 2,682,473.88
Receivables, net	850,951.07	586.45	851,537.52
Inventory		16,861.27	16,861.27
Restricted assets:			
Capital reserve account - cash	1.00		1.00
Capital assets, net (Note 3):	<u>57,262,730.55</u>	<u>6,055.53</u>	<u>57,268,786.08</u>
Total Assets	<u>60,757,117.16</u>	<u>62,542.59</u>	<u>60,819,659.75</u>
DEFERRED OUTFLOWS OF RESOURCES			
Difference between expected and actual experience	438,873.00		438,873.00
Change in Pension Assumptions	3,755,018.00		3,755,018.00
Changes in Proportion	598,730.00		598,730.00
Difference in Pension Earnings	126,916.00		126,916.00
Pension Payment Subsequent to Measurement Date	<u>822,656.00</u>		<u>822,656.00</u>
Total Deferred Outflows of Resources	<u>5,742,193.00</u>	<u>-</u>	<u>5,742,193.00</u>
LIABILITIES			
Accounts payable	1,528,005.89	52,813.85	1,580,819.74
Accrued interest payable	53,122.08		53,122.08
Accrued Salaries	131,612.87		131,612.87
Advance from Grantor	93,624.95		93,624.95
Unearned Revenue		11,594.99	11,594.99
Other Liabilities	78,826.74		78,826.74
Noncurrent liabilities (Note 4):			
Due within one year	752,984.78		752,984.78
Due beyond one year	11,449,915.22		11,449,915.22
Net Pension Liability	<u>18,638,513.00</u>		<u>18,638,513.00</u>
Total liabilities	<u>32,726,605.53</u>	<u>64,408.84</u>	<u>32,791,014.37</u>
DEFERRED INFLOWS OF RESOURCES			
Change in Pension Assumptions	3,741,251.00		3,741,251.00
Changes in Proportion	<u>492,799.00</u>		<u>492,799.00</u>
Total Deferred Inflows of Resources	<u>4,234,050.00</u>		<u>4,234,050.00</u>
NET POSITION			
Invested in capital assets, net of related debt	47,719,096.13	6,055.53	47,725,151.66
Restricted for:			
Debt service	5.43		5.43
Capital projects	1,594,050.90		1,594,050.90
Other purposes	835,651.89		835,651.89
Unrestricted (Deficit)	<u>(20,610,149.72)</u>	<u>(7,921.78)</u>	<u>(20,618,071.50)</u>
Total net position	<u>\$ 29,538,654.63</u>	<u>\$ (1,866.25)</u>	<u>\$ 29,536,788.38</u>

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

**CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$18,814,158.13			(18,814,158.13)		(18,814,158.13)
Special education	7,292,599.73			(4,159,156.74)		(4,159,156.74)
Other special instruction	658,954.22		3,133,442.99	(658,954.22)		(658,954.22)
Other instruction	1,318,967.29			(1,318,967.29)		(1,318,967.29)
Support services:						
Tuition	4,079,169.11		812,639.00	(3,266,530.11)		(3,266,530.11)
Student & instruction related services	7,247,410.74			(7,247,410.74)		(7,247,410.74)
School administrative services	2,898,156.49		103,705.42	(2,794,451.07)		(2,794,451.07)
General and business administrative services	2,049,148.96			(2,049,148.96)		(2,049,148.96)
Plant operations and maintenance	5,733,119.69			(5,733,119.69)		(5,733,119.69)
Pupil transportation	1,542,601.66		81,969.00	(1,460,632.66)		(1,460,632.66)
Unallocated benefits	36,584,783.80		22,758,492.67	(13,826,291.13)		(13,826,291.13)
Interest on long-term debt	325,599.16			(325,599.16)		(325,599.16)
Unallocated depreciation and amortization	31,920.19			(31,920.19)		(31,920.19)
Principal						
Capital Outlay						
Total governmental activities	<u>88,576,589.17</u>		<u>26,890,249.08</u>	<u>(61,686,340.09)</u>		<u>(61,686,340.09)</u>
Business-type activities:						
Food Service	905,142.73	902,410.15			(2,732.58)	(2,732.58)
Total business-type activities	<u>905,142.73</u>	<u>902,410.15</u>			<u>(2,732.58)</u>	<u>(2,732.58)</u>
Total primary government	<u>\$89,481,731.90</u>	<u>\$902,410.15</u>	<u>26,890,249.08</u>	<u>(\$61,686,340.09)</u>	<u>(\$2,732.58)</u>	<u>(\$61,689,072.67)</u>
General revenues:						
Taxes:						
Property Taxes, levied for general purposes, net				\$56,119,857.00		\$56,119,857.00
Federal and State Aid Not Restricted				6,922.69		6,922.69
Tuition Received				3,564,901.64		3,564,901.64
Investment Earnings				79,165.87	739.75	79,905.62
Miscellaneous Income				233,390.09		233,390.09
Special items						
- Closeout of SDA Grants				(110,500.42)		(110,500.42)
- Disposal of assets				(9,717.78)		(9,717.78)
Total general revenues				<u>59,884,019.09</u>	<u>739.75</u>	<u>59,884,758.84</u>
Change in Net Position				<u>(1,802,321.00)</u>	<u>(1,992.83)</u>	<u>(1,804,313.83)</u>
Net Position—beginning				31,340,975.63	126.58	31,341,102.21
Net Position—ending				<u>\$29,538,654.63</u>	<u>(\$1,866.25)</u>	<u>\$29,536,788.38</u>

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

FUND FINANCIAL STATEMENTS

SECTION - B

GOVERNMENTAL FUNDS

CRANFORD PUBLIC SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Exhibit B-1
Page 1 of 2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 895,078.39	\$ 154,299.82	\$ 1,594,050.90	\$ 5.43	\$ 2,643,434.54
Receivables, Net:					
Due from Other Funds	78,148.05				78,148.05
Receivables from Other Governments	726,221.11	34,546.96			760,768.07
Other	11,600.00	78,583.00			90,183.00
Restricted Cash and Cash Equivalents	1.00				1.00
Total Assets	<u>1,711,048.55</u>	<u>267,429.78</u>	<u>1,594,050.90</u>	<u>5.43</u>	<u>3,572,534.66</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	607,784.33	97,565.56			705,349.89
Intergovernmental Payable		48,910.22			48,910.22
Accrued Salaries and Benefits	130,304.87	1,308.00			131,612.87
Interfund Payable	-	78,148.05			78,148.05
Deferred Revenue	52,127.00	41,497.95			93,624.95
Other Current Liabilities	29,916.52				29,916.52
Total Liabilities	<u>820,132.72</u>	<u>267,429.78</u>	<u>-</u>	<u>-</u>	<u>1,087,562.50</u>
Fund Balances:					
Restricted For:					
Reserve for Excess Surplus					
Excess Surplus - Designated for Subsequent Year's Expenditures	20,863.58				20,863.58
Capital Reserve Account	1.00				1.00
Committed For:					
Year - End Encumbrances	173,483.89				173,483.89
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	641,303.42				641,306.42
Debt Service Fund				3.00	2.43
Capital Projects Fund			1,594,050.90	2.43	1,594,050.90
Unassigned, Reported In:					
General Fund	55,263.94				55,263.94
Total Fund Balances	<u>890,915.83</u>	<u>-</u>	<u>1,594,050.90</u>	<u>5.43</u>	<u>2,484,972.16</u>
Total Liabilities and Fund Balances	<u>\$ 1,711,048.55</u>	<u>\$ 267,429.78</u>	<u>\$ 1,594,050.90</u>	<u>\$ 5.43</u>	<u>\$ 3,572,534.66</u>

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

CRANFORD SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Exhibit B-1
Page 2 of 2

Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:	\$ 2,484,972.16
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$134,490,287.16 and the accumulated depreciation is \$77,227,556.61.	57,262,730.55
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.	(12,202,900.00)
Short-term liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.	(53,122.08)
The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. The decrease in net position is \$15,618,952.00.	
The carrying amounts of the individual components are as follows:	
Deferred Outflows of Resources:	
Difference between expected and actual experience	438,873.00
Change in Pension Assumptions	3,755,018.00
Change in Pension Proportion	598,730.00
Difference in Pension Earnings	126,916.00
Pension Payment Subsequent to Measurement Date	822,656.00
Accounts Payable for Pension Expense	(822,656.00)
Net Pension Liability	(18,638,513.00)
Deferred Inflows of Resources:	
Change in Pension Assumptions	(3,741,251.00)
Change in Pension Proportion	(492,799.00)
Net position of governmental activities	\$ <u>29,538,654.63</u>

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

CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 55,279,312.00	\$	\$	\$ 840,545.00	\$ 56,119,857.00
Tuition Charges	3,564,901.64				3,564,901.64
Miscellaneous	312,555.96				312,555.96
Local Sources		60,924.38			60,924.38
State Sources	11,943,753.86	124,028.78			12,067,782.64
Federal Sources	6,922.69	1,019,471.06			1,026,393.75
Total Revenues	71,107,446.15	1,204,424.22	-	840,545.00	73,152,415.37
EXPENDITURES:					
Current:					
Regular Instruction	18,604,680.37	246,537.74			18,851,218.11
Special Education Instruction	7,264,012.82				7,264,012.82
Other Special Instruction	658,954.22				658,954.22
Other Instruction	1,278,676.47				1,278,676.47
Support Services and Undistributed Costs:					
Tuition	3,266,530.11	812,639.00			4,079,169.11
Student and Instruction Related Services	7,124,379.35	103,705.42			7,228,084.77
School Administrative Services	2,902,947.53				2,902,947.53
Other Administrative Services	1,999,512.02				1,999,512.02
Plant Operations and Maintenance	4,751,826.64				4,751,826.64
Pupil Transportation	1,538,903.90				1,538,903.90
Unallocated Benefits	22,146,340.74	34,546.06			22,180,886.80
Debt Service:					
Principal				902,000.00	902,000.00
Interest and Other Charges				331,897.50	331,897.50
Capital Outlay	153,450.03	6,996.00	35,518.00		195,964.03
Total Expenditures	71,690,214.20	1,204,424.22	35,518.00	1,233,897.50	74,164,053.92
Excess (Deficiency) of Revenues over Expenditures	(582,768.05)	-	(35,518.00)	(393,352.50)	(1,011,638.55)
OTHER FINANCING SOURCES (USES):					
Capital Leases	47,823.60				47,823.60
Closeout of 2009 SDA Grants			(110,500.42)		(110,500.42)
Total Other Financing Sources and Uses	47,823.60	-	(110,500.42)	-	(62,676.82)
Net Change in Fund Balances	(534,944.45)	-	(146,018.42)	(393,352.50)	(1,074,315.37)
Fund Balance - July 1	1,425,860.28		1,740,069.32	393,357.93	3,559,287.53
Fund Balance - June 30	\$ 890,915.83	\$	\$ 1,594,050.90	\$ 5.43	\$ 2,484,972.16

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

CRANFORD PUBLIC SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2) \$ (1,074,315.37)

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

Capital outlays are reported in governmental funds 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 period.

Depreciation expense	(1,178,845.66)	
Capital outlays	<u>195,964.03</u>	(982,881.63)

Repayment of bond and lease obligation (long-term debt) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 1,075,212.18

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets. Capital lease proceeds (47,823.60)

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-) (9,717.78)

In the statement of activities, 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. The accrued interest is an addition in the reconciliation. (+) 6,298.34

Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction. (661,826.00)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (107,267.14)

Change in net position of governmental activities \$ (1,802,321.00)

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

PROPRIETARY FUNDS

CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business - Type Activities Food Service	Total Enterprise Funds
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 39,039.34	\$ 39,039.34
Accounts Receivable	586.45	586.45
Inventories	<u>16,861.27</u>	<u>16,861.27</u>
Total Current Assets	<u>56,487.06</u>	<u>56,487.06</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment	241,803.35	241,803.35
Less Accumulated Depreciation	<u>(235,747.82)</u>	<u>(235,747.82)</u>
Total Noncurrent Assets	<u>6,055.53</u>	<u>6,055.53</u>
Total Assets	<u><u>62,542.59</u></u>	<u><u>62,542.59</u></u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	52,813.85	52,813.85
Deferred Revenue	<u>11,594.99</u>	<u>11,594.99</u>
Total Current Liabilities	<u>64,408.84</u>	<u>64,408.84</u>
Total Liabilities	<u>64,408.84</u>	<u>64,408.84</u>
NET POSITION:		
Invested in Capital Assets - Net of Related Debt	6,055.53	6,055.53
Unrestricted (Deficit)	<u>(7,921.78)</u>	<u>(7,921.78)</u>
Total Net Position	<u><u>\$ (1,866.25)</u></u>	<u><u>\$ (1,866.25)</u></u>

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

CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business - Type Activities	Total Enterprise Funds
	Food Service	
Operating Revenues:		
Charges for Services	\$ 902,410.15	\$ 902,410.15
Total Operating Revenues	<u>902,410.15</u>	<u>902,410.15</u>
Operating Expenses:		
Purchased Property Services	57,449.05	57,449.05
Other Purchased Services	844,386.35	844,386.35
Depreciation	<u>3,307.33</u>	<u>3,307.33</u>
Total Operating Expenses	<u>905,142.73</u>	<u>905,142.73</u>
Operating Income (Loss)	<u>(2,732.58)</u>	<u>(2,732.58)</u>
Nonoperating Revenues (Expenses):		
Interest and Investment Revenue	<u>739.75</u>	<u>739.75</u>
Total Nonoperating Revenues (Expenses)	<u>739.75</u>	<u>739.75</u>
Income (Loss) before Transfers	<u>(1,992.83)</u>	<u>(1,992.83)</u>
Change in Net Position	(1,992.83)	(1,992.83)
Total Net Position - Beginning	<u>126.58</u>	<u>126.58</u>
Total Net Position - Ending	<u>\$ (1,866.25)</u>	<u>\$ (1,866.25)</u>

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

CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business - Type Activities Food Service	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts from Customers	\$ 906,994.57	\$ 906,994.57
Payments to Suppliers for Goods and Services	(911,691.95)	(911,691.95)
Net Cash Provided by (Used for) Operating Activities	(4,697.38)	(4,697.38)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	739.75	739.75
Net Cash Provided by (Used for) Investing Activities	739.75	739.75
Net Increase (Decrease) in Cash and Cash Equivalents	(3,957.63)	(3,957.63)
Cash and Cash Equivalents at Beginning of Year	42,996.97	42,996.97
Cash and Cash Equivalents at End of Year	\$ 39,039.34	\$ 39,039.34
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (2,732.58)	\$ (2,732.58)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation Expense	3,307.33	3,307.33
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(315.85)	(315.85)
(Increase) Decrease in Inventories	(3,484.25)	(3,484.25)
Increase (Decrease) in Accounts Payable	(6,372.30)	(6,372.30)
Increase (Decrease) in Deferred Revenue	4,900.27	4,900.27
Total Adjustments	(1,964.80)	(1,964.80)
Net Cash Provided by (Used for) Operating Activities	\$ (4,697.38)	\$ (4,697.38)

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

FIDUCIARY FUNDS

CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY NET POSITION
JUNE 30, 2018

	Unemployment Compensation Trust	Agency Fund
	<u> </u>	<u> </u>
ASSETS:		
Cash and Cash Equivalents	\$ 58,258.13	\$ 1,727,096.69
Accounts Receivable	<u>20,520.88</u>	
		<u> </u>
Total Assets	<u>\$ 78,779.01</u>	<u>\$ 1,727,096.69</u>
LIABILITIES:		
Accounts Payable	\$ 2,750.20	
Payroll Deductions and Withholdings		\$ 352,822.50
Accrued Salaries and Wages		1,104,542.10
Payable to Student Groups	<u> </u>	<u>269,732.09</u>
		<u> </u>
Total Liabilities	<u>2,750.20</u>	<u>\$ 1,727,096.69</u>
NET POSITION:		
Held in Trust for Unemployment Claims and Other Purposes	<u>76,028.81</u>	
	<u> </u>	
Total Net Position	<u>\$ 76,028.81</u>	

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

CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan Member	\$ 62,987.20
Total Contributions	<u>62,987.20</u>
Investment Earnings:	
Interest	<u>706.80</u>
Net Investment Earnings	<u>706.80</u>
Total Additions	<u>63,694.00</u>
DEDUCTIONS	
Quarterly Contributions Reports	<u>73,903.54</u>
Total Deductions	<u>73,903.54</u>
Change in Net Position	(10,209.54)
Net Position - Beginning of the Year	<u>86,238.35</u>
Net Position - End of the Year	\$ <u><u>76,028.81</u></u>

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

TOWNSHIP OF CRANFORD PUBLIC SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (Board) of the Township of Cranford School District (District) report information on all of the nonfiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

B. Reporting Entity:

The Township of Cranford School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-12. The Township of Cranford School District had an enrollment at June 30, 2018 of 3,860 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation – Fund Financial Statements:

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each category – governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It 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 noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles 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 that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. Resources for instructional and noninstructional equipment can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that 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 the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund – The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation – Fund Financial Statements (Cont'd)

The District reports the following major enterprise funds:

Food Service Fund – the Food Service Fund is used to account for the activities of the cafeteria operations of the District.

The District also reports the following fiduciary fund types:

Agency Fund – The Agency Fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds,

Employee Benefit Trust (Unemployment Insurance) – Employee Benefit Trust should be used to report resources that are required to be held in trust for members and beneficiaries of employee benefit plans.

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year-end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, interfund activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers' in/out. In the preparation of the government-wide financial statements, transfers between funds included as governmental activities are eliminated so that only net amounts of resources transferred from or to the governmental activities are reported. A similar treatment is afforded transfers of resources between enterprise funds for the preparation of business-type activity financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'):

E. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. Ad Valorem (Property) Taxes are susceptible to accrual and 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 District recognizes the entire approved tax levy's revenue in the fiscal period for which they were levied. The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable". Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital assets acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and capital lease obligations incurred to acquire general capital assets are reported as "other financing sources."

The 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. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

The District's proprietary funds, employee benefit trust fund and private purpose scholarship trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'):

F. Budgets/Budgetary Control:

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting, which differs from generally accepted accounting principles in one material respect. Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses. The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements are set forth in the explanation of differences schedules, which follow.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November are no longer required to be presented to the voters for approval on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:20-2A.2(m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. New Jersey statutes place limitations on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. The Board of Education did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Budgets/Budgetary Control (Cont'd):

The following 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$71,049,905.15	\$1,204,424.22
Difference- budget to GAAP:		
The last State Aid payment is recognized as revenue for budgetary purposes, and differs from GAAP, which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(656,881.00)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>714,422.00</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds.	<u>\$71,107,446.15</u>	<u>\$1,204,424.22</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" From the budgetary comparison schedule	\$71,690,214.20	\$1,204,424.22
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$71,690,214.20</u>	<u>\$1,204,424.22</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents 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. 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. New Jersey statute 18A: 20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that 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 Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Tuition Payable

Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

I. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. 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 District and that are due within one year.

K. Capital Assets:

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000.00 or more for capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated costs.

Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

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 statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated used lives are as follows"

Food Service Fund:	
Equipment	10 Years

L. Accounts Receivable State – Capital Projects Fund

The District received approval for a state grant in the amount of \$7,992,506.00 for the 2009 School Board Referendum, to make improvements to various school buildings in the District. The state grant participation in the project represents 40% of total project costs of \$19,981,269.00, of costs deemed eligible as determined by the Commissioner of Education. As projects have come in at less cost, the amount of the grant has been reduced by \$2,834,775.18 for a net grant amount of \$5,157,730.82. The state has also established a fixed schedule for the submission of reimbursement vouchers, which is based upon the achievement of certain percentage of completion.

The District recognizes state grant revenue as earned, i.e., as eligible expenditures are incurred, at the rate of 40% of said expenditures. It is assumed that project completion will continue at a pace that will permit the filing of reimbursement vouchers within a time frame, which meets the availability criterion for revenue recognition under GAAP. Through June 30, 2018, the District has recognized the full total of \$5,157,730.82 in state grant revenue.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. 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 District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that related to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences".

The entire compensated absences liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences in the amount expected to be paid using expendable available resources. The non-current portion of the liability is not reported.

N. 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 New Jersey Public Employees Retirement System (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.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting five items in this category; Difference between expected and actual experience, Change in Pension Assumptions, Change in Proportion, the Difference in Pension Earnings and the amounts of pension payments made by the District subsequent to the pension measurement date. The former represents the District's proportionate share of plan earnings in excess of assumed amounts, while the latter represents the favorable impact of a decline in the District's proportionate share of system wide net pension liability.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting two pension related item in this category, Change in Pension Assumptions and Change in Proportion.

P. Other Post-Employment Benefits:

Pursuant to State Statute, the State Health Benefits Local Education Retirees Employees Plan was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. This plan is a multi-employer defined benefit OPEB Plan that is administered on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

P. Other Post-Employment Benefits (cont'd):

The Plan is a "Special Funding Situation" as defined in GASB Statement No. 75 as the State of New Jersey is solely responsible for funding the Plan's obligations (net of employee contributions). Accordingly, no net OPEB liability is reported on the District's Statement of Net Position. In the Statement of Activities, the District reports an annual OPEB expense and a corresponding revenue, equal to the allocated expense of the District as reported by the State.

Q. Unearned Revenue/Advances from Grantors:

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors,

R. Net Position Flow Assumption (District-Wide and Proprietary Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position – restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

S. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

T. Fund Balance Policies:

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

T. Fund Balance Policies (cont'd):

Assignments of fund balance are made by the Board of Education for specific purposes that do not meet the criteria to be classified as committed. The Board of Education also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

U. District-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt - In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in Fixed Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Fixed assets as a component of net position for the governmental activities and business-type activities.

V. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sale of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. Revenues earned through the District's participation in the National School Lunch Program are classified as nonoperating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. Reconciliation of District-Wide and Fund Financial Statements

I. Differences between governmental fund balance sheet and District-wide statement of net position:

Total Governmental Fund Balance (B-1)	\$2,484,972.16
Adjustments to District-Wide Net Position:	
Capital Assets (see Note 3)	57,262,730.55
Long-Term Liabilities (see Note 4)	(12,202,900.00)
Net Pension Liability	(18,638,513.00)
Other Items not recognized in Fund Financial Statements:	
Deferred Outflows of Financial Resources	4,919,537.00
Deferred Inflows of Financial Resources	(4,234,050.00)
Accrued Interest on Long-term Debt	<u>(53,122.08)</u>

Net Position of Governmental Activities (A-1) \$29,538,654.63

II. Differences between governmental fund statement of revenues, expenditures and changes in fund balances and District-wide statement of activities:

Total Net Change Governmental Fund Balance (B-2)	\$(1,074,315.37)
Adjustments to District-Wide Net Position:	
Depreciation on Capital Assets (see Note 3)	(982,881.63)
Repayment of Long-Term Liabilities (see Note 4)	1,075,212.18
Capital Leases Issued	(47,823.60)
Other Adjustments to Fund Financial Statements:	
Gain on Disposal of Capital Assets	(9,717.78)
Compensated Absences	(107,267.14)
Net Increase in Pension Expense	(661,826.00)
Interest on Long-term Debt (Accrual Basis for District-Wide)	<u>6,298.34</u>

Net Position of Governmental Activities (A-2) \$(1,802,321.00)

X. Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), New Jersey's Governmental Unit Deposit Protection Act, by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. The New Jersey Governmental Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain collateral in the amount of 5% of the average public deposits and deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based upon GASB criteria, the District considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts and short-term investments and are either any direct and general obligation of the United States of America or certificates of deposit issued by any bank, savings and bank or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Depository Protection Act.

The Cranford Board of Education had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

Depository Account	Bank Balance
Insured - FDIC	\$ 250,000.00
Insured - NJGUDPA (N.J.S.A.17:9-41)	<u>4,833,876.23</u>
Total Deposits	<u>\$ 5,083,876.23</u>

Custodial Credit Risk – Deposits- Custodial credit risk is the risk that in the event of a bank failure, the board's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2018, none of the Board's bank balance of \$5,083,876.23 was exposed to custodial risk. (See Note 1-F. relating to statutory mitigation of custodial risk in the event of a bank failure).

Concentration of Credit Risk – This is the risk associated with the amount of investments that the Board has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Board does not have an investment policy regarding Credit Risk except to the extent outlined under the Board's investment policy.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2018, the District had \$49,259.38 on deposit with the New Jersey Cash Management Fund.

At June 30, 2018, the cash and cash equivalents and investments of the District consisted of the following:

	<u>2018</u>
Cash (Demand Accts.)	\$4,419,138.32
Change Funds (On-Hand)	800.00
State of N.J. Cash Mgmt. Fund	<u>49,259.38</u>
Total	<u>\$4,469,197.70</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. FIXED ASSETS

CRANFORD PUBLIC SCHOOL DISTRICT CAPITAL ASSETS NOTE DISCLOSURE DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance - total government funds and net position - governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance - total governmental funds is made to reflect the carrying value of the District's capital assets at year-end in the District-wide financial statements, which consist of:

Total capital assets at cost	\$ 134,490,287.16
Less: accumulated depreciation	<u>(77,227,556.61)</u>
Government Activities Capital Assets, Net	<u>\$ 57,262,730.55</u>

Capital assets by classification and activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 41,197,641.00	\$	\$	\$ 41,197,641.00
Total Capital Assets Not Being Depreciated	<u>41,197,641.00</u>			<u>41,197,641.00</u>
Building and Building Improvements	87,294,666.25	49,202.00		87,343,868.25
Improvements other than Buildings	518,661.00			518,661.00
Machinery, Equipment, Furniture & Vehicles	<u>5,361,565.54</u>	<u>146,762.03</u>	<u>78,210.66</u>	<u>5,430,116.91</u>
Totals at Historical Cost	<u>93,174,892.79</u>	<u>195,964.03</u>	<u>78,210.66</u>	<u>93,292,646.16</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	#####	(926,302.62)		(72,790,171.07)
Improvements other than Buildings	(449,518.63)	(6,284.13)		(455,802.76)
Equipment, Furniture, and Vehicles	<u>(3,803,816.75)</u>	<u>(246,258.91)</u>	<u>(68,492.88)</u>	<u>(3,981,582.78)</u>
Total Accumulated Depreciation	#####	<u>(1,178,845.66)</u>	<u>(68,492.88)</u>	<u>(77,227,556.61)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>17,057,688.96</u>	<u>(982,881.63)</u>	<u>9,717.78</u>	<u>16,065,089.55</u>
Government Activities Capital Assets, Net	<u>\$ 58,255,329.96</u>	<u>\$ (982,881.63)</u>	<u>\$ 9,717.78</u>	<u>\$ 57,262,730.55</u>
Business-type Activities				
Equipment	241,803.35			241,803.35
Less Accumulated Depreciation for:				
Equipment	<u>(232,440.49)</u>	<u>(3,307.33)</u>		<u>(235,747.82)</u>
Business-type Activities Capital Assets, Net	<u>\$ 9,362.86</u>	<u>\$ (3,307.33)</u>	<u>\$ -</u>	<u>\$ 6,055.53</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 148,140.26
Unallocated depreciation	59,042.26
Direct expense of various functions	<u>1,015,224.00</u>
Total depreciation expense	<u>\$ 1,222,406.52</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4: LONG-TERM LIABILITIES

CRANFORD PUBLIC SCHOOL DISTRICT
LONG TERM DEBT DISCLOSURE
DISCLOSURE OF INFORMATION ABOUT LONG TERM LIABILITIES

Long-term debt liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 10,070,000.00	\$ -	\$ 902,000.00	\$ 9,168,000.00	\$ 540,000.00
Total Bonds Payable	<u>10,070,000.00</u>	<u>-</u>	<u>902,000.00</u>	<u>9,168,000.00</u>	<u>540,000.00</u>
Other Liabilities:					
Obligations Under Capital Lease	501,023.00	47,823.60	173,212.18	375,634.42	152,817.24
Compensated Absences Payable	<u>2,551,998.44</u>	<u>234,853.35</u>	<u>127,586.21</u>	<u>2,659,265.58</u>	<u>60,167.54</u>
Total Other Liabilities	<u>3,053,021.44</u>	<u>282,676.95</u>	<u>300,798.39</u>	<u>3,034,900.00</u>	<u>212,984.78</u>
Net Pension Liability (PERS)	<u>24,015,633.00</u>		<u>5,377,120.00</u>	<u>18,638,513.00</u>	
Total Liabilities	<u>\$ 37,138,654.44</u>	<u>\$ 282,676.95</u>	<u>\$ 6,579,918.39</u>	<u>\$ 30,841,413.00</u>	<u>\$ 752,984.78</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. GENERAL LONG-TERM DEBT (CONT'D):

Bonds Payable -- Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding as at June 30, 2018 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$540,000.00	\$312,657.50	\$852,657.50
2020	560,000.00	299,232.50	859,232.50
2021	580,000.00	283,907.50	863,907.50
2022	610,000.00	266,782.50	876,782.50
2023	630,000.00	248,182.50	878,182.50
2024	670,000.00	228,263.75	898,263.75
2025	710,000.00	206,257.50	916,257.50
2026	740,000.00	179,920.00	919,920.00
2027	780,000.00	149,520.00	929,520.00
2028	830,000.00	117,320.00	947,320.00
2029	840,000.00	83,920.00	923,920.00
2030	840,000.00	50,320.00	890,320.00
2031	<u>838,000.00</u>	<u>16,760.00</u>	<u>854,760.00</u>
	<u>\$ 9,168,000.00</u>	<u>\$ 2,443,043.75</u>	<u>\$11,611,043.75</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. GENERAL LONG-TERM DEBT (CONT'D):

C. Capital Leases - The District is leasing copier equipment, playground equipment, and maintenance vehicle under capital leases. Following are schedules of the future lease payments under the respective capital leases, and the present value of net minimum lease payments at June 30, 2018:

Lease Purchase Agreements – Automated External Defibrillators:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ <u>19,070.01</u>	\$ 674.99	\$ <u>19,745.00</u>
	\$ <u>19,070.01</u>	\$ <u>674.99</u>	\$ <u>19,745.00</u>

Lease Purchase Agreements – Copiers

<u>Year ending June 30,</u>	<u>Principal & Interest</u>	<u>Total</u>
2019	\$ 68,742.80	\$ 68,742.80
2020	46,729.80	46,729.80
2021	27,366.12	27,366.12
2022	12,547.08	12,547.08
2023	<u>1,594.12</u>	<u>1,594.12</u>
	\$ <u>156,979.92</u>	\$ <u>156,979.92</u>

Lease Purchase Agreements – IT Equipment

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,004.43	\$ 4,642.34	\$ 69,646.77
2020	66,516.44	3,130.33	69,646.77
2021	<u>68,063.62</u>	<u>1,583.15</u>	<u>69,646.77</u>
	\$ <u>199,584.49</u>	\$ <u>9,355.82</u>	\$ <u>208,940.31</u>

NOTES TO FINANCIAL STATEMENTS

D. Bond Referendum

On December 8, 2009, the District held a School Board Referendum. The School District voters approved the referendum, which consisted of the following:

Undertake district-wide roof/energy efficiency improvement projects including roof replacement at all schools; heating/ventilation upgrades at Brookside Place School, Walnut Avenue School and Bloomingdale Avenue School; and boiler replacement at Orange Avenue School, Hillside Avenue School and Lincoln School; expend on such projects an aggregate amount not exceeding \$19,981,269, which expenditure shall be funded, in part, with a \$7,992,506 State grant, based on aggregate final eligible costs of \$19,981,269 as determined by the Commissioner of Education; and issue bonds in an aggregate amount not exceeding \$11,988,763 representing the School District's local share of projects costs. The local shares of each of the projects may be transferred among projects.

Of the total amount of \$19,981,269, the School District Bonds received authorization to issue bonds in the amount of \$11,988,763, which represents the School District's local share of the project costs.

Furthermore, the Board of Education has received grant approval from the State of New Jersey Schools Development Authority in the amount of \$7,992,506. At June 30, 2018, all of the SDA funds were invoiced and have been recognized as project revenues.

NOTE 5. PENSION PLANS

Description of Plans - The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Teachers Pension and Annuity Fund (TPAF), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) - The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, 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. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	170,124
Inactive plan members entitled to but not yet receiving benefits	650
Active plan members	<u>254,685</u>
Total	<u>425,459</u>

Contributing Employers – 1,705.

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of all retirement systems.

Payrolls and Covered Wages:

For the year ended June 30, 2018 the Board's total payroll for all employees was \$39,921,444.63. Total PERS covered payroll was \$5,776,277. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% for State fiscal year 2017 and increased to 7.34% for State fiscal year 2018, commencing July 1, 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The School Board's cash basis contributions to the Plan for the years ended June 30, 2017 and 2018 were \$750,899 and \$822,656, respectively. School Board Contributions are due and payable in the fiscal period subsequent to plan year for which the contributions requirements were calculated.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 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 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 the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the School Board reported a liability of \$18,638,513 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Board's proportion was 0.080068%, which was a decrease of 0.001019% from its proportion measure as of June 30, 2016.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

For the year ended June 30, 2018, the Board recognized pension expenses of \$1,411,446. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Changes in assumptions	\$3,755,018	\$3,741,251
Difference between expected and actual experience	438,873	
Net difference between projected and actual earnings on Plan investments	126,916	
Changes in proportion and differences between Board contributions and proportionate share of contributions	598,730	\$492,799
Board contributions subsequent to the measurement date	<u>822,656</u>	<u>0</u>
Total	<u>\$5,742,193</u>	<u>\$4,234,050</u>

The \$822,656 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2018	(\$498,214)
2019	(\$728,607)
2020	(\$412,225)
2021	\$539,379
2022	\$414,179

Actuarial Assumptions - The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate – The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. 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 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Sensitivity of Net Pension Liability to Changes in the Discount Rate – the following presents the net pension liability of PERS participating employers as of June 30, 2017, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
State	\$29,818,581,732	\$25,645,622,797	\$22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
PERS Plan Total	<u>\$58,697,018,759</u>	<u>\$48,924,024,385</u>	<u>\$40,792,456,582</u>
District's proportionate share of the net pension liability	<u>\$23,122,340</u>	<u>\$18,638,513</u>	<u>\$14,902,929</u>

Components of Net Pension Liability – The components of the net pension liability for PERS, including the State of New Jersey, at June 30, 2017 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$32,535,896,852	\$44,852,367,051	\$77,388,263,903
Plan Fiduciary Net Position	<u>6,890,274,055</u>	<u>21,573,965,463</u>	<u>28,464,239,518</u>
Net Pension Liability	<u>\$25,645,622,797</u>	<u>\$23,278,401,588</u>	<u>\$48,924,024,385</u>

B. Teachers Pension and Annuity Fund

The Teachers Pension and Annuity Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation as defined in GASB Statement No. 68, by which the State of New Jersey (State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the TPAF Plan are as follows:

Plan Membership and Contributing Employers- Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	101,246
Inactive plan members entitled to but not yet receiving benefits	222
Active plan members	<u>140,563</u>
Total	<u>242,031</u>

Contributing Employers- 24.

NOTE 5. PENSION PLANS (CONT'D.)**B. Teachers Pension and Annuity Fund (Cont'd.)**

In addition to the State, who is the sole payer of regular employer contributions to the fund, TPAF's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability.

Significant Legislation – Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of TPAF.

Covered Payroll - For the year ended June 30, 2018 the Board's total payroll for all employees was \$39,921,444.63. Total TPAF covered payroll was \$29,038,104. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set 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 active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017 and increased to 7.34% for State fiscal year 2018, commencing July 1, 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution amount is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State's pension contribution was less than the actuarially determined amount.

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

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
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 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 tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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 the respective tier.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

B. Teachers Pension and Annuity Fund (Cont'd.)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The State of New Jersey is solely responsible for funding the normal pension obligations of the TPAF, including 100% of the obligations of LEAs within the State. Accordingly, the District does not report TPAF pension liabilities or deferred inflows and outflows of financial resources in its financial statements. Payments made by the State to the TPAF “on-behalf” of the LEAs are reported to the LEAs and reported as TPAF pension expenditures/expenses as made.

Three-Year Trend Information for TPAF (Paid on-behalf of the District, excluding post-retirement medical benefits which are reported in Note 6)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Local Pension Obligation</u>
6/30/18	\$ 4,170,480	100 %	\$ 0
6/30/17	2,965,983	100 %	0
6/30/16	2,149,263	100 %	0

At June 30, 2017, the TPAF reported a net pension liability of \$67,423,605,859 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the District was \$177,788,658, or 0.2636890383%. State non-employer contributions allocated to the District were \$2,960,994 and \$2,137,881 for 2017 and 2016.

Actuarial Assumptions- The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.25%
Salary Increases (2012-2021)	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

B. Teachers Pension and Annuity Fund (Cont'd.)

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate – The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. 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 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate - the following presents the net pension liability of TPAF as of June 30, 2017 calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

B. Teachers Pension and Annuity Fund (Cont'd.)

	At 1% <u>Decrease (3.25%)</u>	At current <u>discount rate (4.25%)</u>	At 1% <u>Increase (5.25%)</u>
TPAF	\$80,394,331,171	\$67,670,209,171	\$57,188,022,171

Components of Net Pension Liability – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2017 is as follows:

Total pension liability	\$ 90,726,371,000
Plan fiduciary net position	<u>23,056,161,829</u>
Net pension liability	<u>\$ 67,670,209,171</u>
Plan fiduciary net position as a percentage of the total pension liability	25.41%

Additional Information – Collective balances at June 30, 2017 were as follows:

Collective Deferred Outflows of Resource	\$ 14,160,879,257
Collective Deferred Inflows of Resources	11,800,239,661
State's Total Non-employer Net Pension Liability	67,423,605,859
District's Proportion	0.2636890383%

C. Defined Contribution Retirement System (DCRP)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016, the membership in the DCRP, based on the information within the Division's database, was 43,516.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D.)

C. Defined Contribution Retirement System (DCRP) (Cont'd.)

become and shall at all times remain fully vested and non forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended June 30, 2018 the Board's total payroll for all employees was \$39,921,445. Total DCRP covered payroll was \$889,886. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2018 were \$26,650 and \$48,944, respectively.

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan:

Plan Description and Benefits Provided:

P.L. 1987, c.384 and P.L. 1990, c.6. required the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS), respectively, to fund post-retirement medical benefits for those members who retire after accumulating a minimum of 25 years of credited service or on a disability retirement. Pursuant to P.L 2007, c.103, separate funds outside the pension plans were established for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. Pursuant to this Act, the State Health Benefits Local Education Retired Employees Plan (SHBLEREP) was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. The SHBPLEREP is a multiple employer defined benefit OPEB plan that is administered on a pay-as-you-go basis in accordance with P.L. 1994, c.62. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria set forth in paragraph 4 of GASB Statement No. 75. The SHBPLEREP provides medical, prescription drug and Medicare Part B reimbursement to retirees and retiree dependents of local education employers.

Coverage is provided at no cost to members of the TPAF and PERS that had retired on a disability retirement or retired after accumulating 25 years of creditable service prior to June 28, 2011 and to those who had a minimum of 20 years of creditable service on June 28, 2011 and who subsequently retire after accumulating 25 years of credited service or on a disability retirement. Employees who had less than 20 years of creditable service on June 28, 2011 and subsequently retire after accumulating a minimum of 25 years of creditable service are required by Chapter 78, P.L. 2011 to contribute a percentage of the cost of their health care coverage in retirement. The percentage of the premium that will be the responsibility of the retiree is determined based upon the retiree's annual retirement benefit and level of coverage. Chapter 78 retirees opting for single will make contributions that escalate from 4.5% for annual retirement allowance under \$20,000 to 35.0% for annual retirement allowances exceeding \$110,000 per annum. Chapter 78 retirees opting for family coverage will range from 3.43% for annual retirement allowances under \$25,000 per annum to 35.0% for annual retirement allowances exceeding \$110,000 per annum.

The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

Covered Retirees and State Contributions:

NOTES TO FINANCIAL STATEMENTS

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

At June 30, 2017, there were approximately 112,966 TPAF retirees receiving State paid post-employment health benefits, and the State contributed \$1.39 billion on their behalf.

The State paid \$238.9 million toward Chapter 126 post-employment benefits for 20,913 eligible PERS retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. The State of New Jersey's Total Non-employer OPEB Liability for the SHBLEREP was \$53,639,841,858 and \$57,831,784,184 at June 30, 2017 and 2016, respectively. The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Cranford Township School District was \$131,498,084 and \$141,699,912 at June 30, 2017 and 2016, respectively. These allocated liabilities represent 0.25% of the State's Total Non-employer OPEB Liability for each of the years reported. However, the Cranford Township School District's proportionate share percentage as determined in accordance with the provisions of paragraphs 193 and 203 to 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Based upon the preceding, the OPEB liability information that follows is reported at the State's level and does not reflect expenses and liabilities of the District that are required to be funded through annual District budgets.

Actuarial Assumptions and Other Inputs:

The total non-employer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 that was rolled forward to June 30, 2017. The total non-employer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending upon the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55-4.55%	2.15-4.15%
	Based on Years of Service	Based on Age
Thereafter	2.00-5.45%	3.15-5.15%
	Based on Years of Service	Based on Age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012-June 30, 2015, and July 1, 2011-June 30, 2014 for TPAF and PERS, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

Healthcare Trend Assumptions:

For pre-Medicare preferred provider organization (PPO) benefits, this amount is initially 5.9% per annum and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% per annum and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate:

The discount rates for June 30, 2017 and 2016 were 3.58% and 2.85%, respectively. The source is the Bond Buyer G.O. 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of Aa/AA or higher.

Changes in the Total Non-employer OPEB Liability reported by the State of New Jersey:

Changes to the State's Total Non-employer OPEB Liability and the portion of those amounts allocated to the District during the fiscal year ended June 30, 2017 were as follows:

	<u>State Totals</u>	<u>District Allocation</u>
Non-employer OPEB Liability Balance-June 30, 2016:	\$57,831,784,184	\$141,699,912
Changes During the Current Year:		
Service Cost	2,391,878,884	5,937,830
Interest on the Total OPEB Liability	1,699,441,736	4,166,165
Changes in Assumptions	(7,086,599,129)	(17,372,201)
Gross Benefit Payments	(1,242,412,566)	(3,045,775)
Employee Contributions	<u>45,748,749</u>	<u>112,153</u>
Net Changes	(4,191,942,326)	(10,201,828)
Non-employer OPEB Liability Balance-June 30, 2017	<u>\$53,639,841,858</u>	<u>\$131,498,084</u>

Changes in Assumptions-Reflects a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Sensitivity of the State's Total Non-employer OPEB Liability to Changes in the Discount Rate:

The following table sets forth the State's Total Non-employer OPEB Liability as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the State's Total Non-employer OPEB Liability would be if it was calculated using a discount rate that is one percentage point (1%) higher and lower than the actual discount rate that was utilized in the current period:

	1% Decrease <u>(2.58%)</u>	At Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953

NOTES TO FINANCIAL STATEMENTS

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

Sensitivity of the State's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following table sets forth the State's Total Non-employer OPEB Liability as of June 30, 2017, calculated using the healthcare trend rates rate as disclosed above, as well as what the State's Total Non-employer OPEB Liability would be if it was calculated using a healthcare trend rate that is one percentage point (1%) higher and lower than the actual healthcare trend rate that was utilized in the current period:

	<u>1% Decrease</u>	<u>Healthcare Cost Trent Rate</u>	<u>1% Increase</u>
Total Non-employer OPEB Liability (New Jersey LEA Retirees)	\$44,113,584,560	\$53,639,841,858	\$66,290,599,457

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

For the year ended June 30, 2018, in the Statement of Activities, the School District recognized OPEB expense of \$8,289,877. This amount was determined by the State of New Jersey as the District's allocated special funding share of the State's \$3,348,490,523 Total OPEB Non-employer Expense for the year ended June 30, 2017. These expense amounts represent calculations in accordance with GASB Statement No. 75 for the defined benefit OPEB Plan that is not operated through a trust that meets the criteria of paragraph 4 of the Statement and in which there is a special funding situation. As the State of New Jersey is the only entity with a legal responsibility to fund SHBLEREP OPEB obligations, the District's recognized OPEB expense is offset by Program Revenues/Operating Contributions in an equal amount in the Statement of Activities. Due to this special funding situation, there is no recognition of the allocation of the proportionate shares of deferred outflows of resources and deferred inflows of resources in the District's financial statements.

On-behalf Payments by the State of New Jersey for Retiree Health Benefits Costs:

As noted above, the State of New Jersey, pursuant to P.L. 1994, c. 62, administers the OPEB Plan on a pay-as-you-go basis. The following table sets forth the amounts of State contributions to the SHBLEREP allocated to the District for the last three years for post-employment medical costs. These amounts are reported in the governmental funds and budgetary comparison schedules as revenues and expenditures.

Three-Year Trend Information for TPAF Retiree Health Benefits (Paid on-behalf of the District)

<u>Year Funding</u>		<u>Annual Post- Retirement Medical Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/18	\$	2,693,624	100%
6/30/17		2,471,339	100%
6/30/16		2,559,180	100%

Additional Information:

Collective balances of the SHBLEREP at June 30, 2017 were as follows:

Deferred Outflows of Resources	\$	59,042
Deferred Inflows of Resources		15,551,751
State's Total Non-employer OPEB Liability		53,639,841,858
District's Proportion		0.245150021%

NOTES TO FINANCIAL STATEMENTS

NOTE 7. COMPENSATED ABSENCES

The 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.

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

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the District Enterprise funds.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

<u>Fiscal Year</u>	<u>Contributions/Interest</u>	<u>Amount Reimburse d</u>	<u>Ending Balance</u>
2017-2018	\$ 63,694.00	\$ 73,903.54	\$ 76,028.81
2016-2017	62,036.98	58,585.98	86,238.35
2015-2016	62,711.21	39,129.82	82,787.35

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT (CONT'D)

The Board, along with other school districts, is a member of the Diploma Joint Insurance Fund for Workers' Compensation Insurance Coverage. The Fund is organized and operated pursuant to the regulatory authority of the Department of Banking and Insurance, State of New Jersey and provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained excess liability coverages for participants.

At June 30, 2018, the last available audit report, the Fund reported case revenue and losses incurred but not reported (IBNR) in excess of fund balance for all years of \$2,218,187.00.

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 78,148.05	
Special Revenue Fund		\$ 78,148.05
Total	<u>\$ 78,148.05</u>	<u>\$ 78,148.05</u>

NOTE 10. INVENTORY

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$ 12,017.53
Supplies	<u>4,843.74</u>
	<u>\$ 16,861.27</u>

NOTE 11. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$890,915.83 General Fund balance at June 30, 2018, \$0.00 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, \$20,863.58 is restricted as excess surplus -- designated for subsequent year's expenditures, \$1.00 has been restricted in the Capital Reserve Account; \$173,483.89 has been committed as Reserve for Encumbrances; \$641,303.42 has been assigned and included as anticipated revenue for the year ending June 30, 2019; and \$55,263.94 is unassigned.

Debt Service Fund (B-1) - Of the \$5.43 Debt Service Fund balance at June 30, 2018 \$3.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2018 and \$2.43 is assigned.

Capital Projects Fund (B-1) - Of the \$1,594,050.90 Capital Projects Fund balance at June 30, 2018, \$1,594,050.90 is assigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A: 7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018, calculated on a budgetary basis pursuant to statute, is \$0.00.

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Cranford Township Board of Education by inclusion of \$1.00 on September 25, 2000 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 district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of four special elections authorized pursuant to N.J.S.A 19:60 – 2. Pursuant to N.J.A.C. 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted projects in its approved LRFP.

NOTE 14. DEFICIT FUND BALANCES

The District did not have any deficit fund balances at June 30, 2018 that would have been reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payments (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A: 22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

At June 30, 2018, the District reported a deficit of \$1,866.25 in the net position of its Food Service Fund. Should this deficit not reverse itself in the subsequent period, a Board contribution will be required to eliminate this deficit.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, requires each municipality to submit annually a "User Friendly Budget", which, among other disclosures, includes a listing of all properties which have been granted tax abatements, including assessed values and any In-Lieu-Of-Tax-Payments made to the municipality. The 2018 User Friendly Budget for the Township of Cranford recognized revenue of \$49,104 from the annual service charge in lieu of payment of taxes in 2018 and taxes in 2018 that otherwise would have been due on these long-term tax exemptions amounted to \$346,730, based upon the assessed valuations of the long-term tax exemptions properties.

NOTE 16. PENDING LITIGATION AND CONTINGENT LIABILITIES

As at the date of this report, there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the Cranford School District.

NOTE 17. SUBSEQUENT EVENTS

As at the date of the audit report, no events have occurred that would have a material effect on the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART II

BUDGETARY COMPARISON SCHEDULES

SECTION – C

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 55,279,312.00	\$	\$ 55,279,312.00	\$ 55,279,312.00	\$
Tuition	3,704,528.00	235,679.80	3,940,207.80	3,564,901.64	(375,306.16)
Miscellaneous	152,429.00	-	152,429.00	312,555.96	160,126.96
Total - Local Sources	59,136,269.00	235,679.80	59,371,948.80	59,156,769.60	(215,179.20)
State Sources:					
Categorical Transportation Aid	81,969.00		81,969.00	81,969.00	-
Extraordinary Aid	439,433.00		439,433.00	431,667.00	(7,766.00)
Categorical Special Education Aid	2,016,678.00	71,786.00	2,088,464.00	2,088,464.00	-
Equalization Aid	88,682.00		88,682.00	88,682.00	-
Categorical Security Aid	67,128.00		67,128.00	67,128.00	-
PARCC Readiness Aid	37,155.00		37,155.00	37,155.00	-
Per Pupil Growth Aid	37,155.00		37,155.00	37,155.00	-
Professional Learning Community Aid	36,990.00		36,990.00	36,990.00	-
Other State Aid			-	35,127.25	35,127.25
On-behalf TPAF Pension				4,170,480.00	4,170,480.00
Contributions (non-budgeted)					
On-behalf Post Retirement Medical					
Contributions (non-budgeted)				2,693,624.00	2,693,624.00
On-behalf Long Term Disability					
Contributions (non-budgeted)				7,729.00	7,729.00
Reimbursed TPAF Social Security					
Contributions (non-budgeted)				2,110,042.61	2,110,042.61
Total - State Sources	2,805,190.00	71,786.00	2,876,976.00	11,886,212.86	9,009,236.86
Federal Sources:					
Medicaid Reimbursement	23,789.00		23,789.00	6,922.69	(16,866.31)
Total - Federal Sources	23,789.00	-	23,789.00	6,922.69	(16,866.31)
Total Revenues	61,965,248.00	307,465.80	62,272,713.80	71,049,905.15	8,777,191.35

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 526,589.00	\$ (23,370.13)	\$ 503,218.87	\$ 503,218.87	\$ -
Grades 1- 5	6,762,499.00	(133,976.70)	6,628,522.30	6,628,522.30	-
Grades 6- 8	3,942,175.00	(259,530.74)	3,682,644.26	3,682,644.26	-
Grades 9-12	6,397,179.00	47,239.55	6,444,418.55	6,444,418.55	-
Regular Programs - Home Instruction:					
Salaries of Teachers	24,403.00	7,074.74	31,477.74	31,477.74	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	130,004.00	3,480.36	133,484.36	133,484.33	0.03
Purchased Professional - Educational Services	2,250.00	(2,250.00)	-	-	-
Other Purchased Services	467,567.63	(8,488.50)	459,079.13	435,180.41	23,898.72
General Supplies	698,209.59	41,340.78	739,550.37	725,067.17	14,483.20
Textbooks	31,814.00	(11,346.95)	20,467.05	20,466.74	0.31
Other Objects	1,200.00	(1,000.00)	200.00	200.00	-
Total Regular Programs - Instruction	18,983,890.22	(340,827.59)	18,643,062.63	18,604,680.37	38,382.26
Learning and/or Language Disabilities:					
Salaries of Teachers	306,084.00	(46,291.79)	259,792.21	259,792.21	-
Other Salaries for Instruction	205,738.00	(18,815.61)	186,922.39	186,922.39	-
General Supplies	3,048.00	(708.00)	2,340.00	2,211.76	128.24
Total Learning and/or Language Disabilities	514,870.00	(65,815.40)	449,054.60	448,926.36	128.24

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONTD.):					
Current Expense (Cont'd.):					
Special Education (Cont'd.):					
Behavioral Disabilities:					
Salaries of Teachers	\$ 1,405,007.00	\$	\$ 1,489,955.75	\$ 1,489,955.75	\$ -
Other Salaries for Instruction	459,578.00	116,039.12	575,617.12	575,617.12	-
Purchased Professional - Educational Services	1,000.00	(1,000.00)	-	-	-
Other Purchased Services	7,500.00	(500.00)	7,000.00	6,272.57	727.43
General Supplies	44,373.16	3,422.27	47,795.43	44,121.38	3,674.05
Textbooks	2,000.00	(1,496.00)	504.00	504.00	-
Other Objects	11,260.00	18,334.80	29,594.80	28,619.22	975.58
Total Behavioral Disabilities	1,930,718.16	219,748.94	2,150,467.10	2,145,090.04	5,377.06
Multiple Disabilities:					
Salaries of Teachers	63,330.00	(63,330.00)	-	-	-
Other Salaries for Instruction	136,046.00	(136,046.00)	-	-	-
General Supplies	750.00	(750.00)	-	-	-
Total Multiple Disabilities	200,126.00	(200,126.00)	-	-	-
Resource Room/Resource Center:					
Salaries of Teachers	3,864,915.00	(15,439.53)	3,849,475.47	3,849,475.47	-
General Supplies	17,924.80	(6,506.62)	11,418.18	10,830.31	587.87
Textbooks	3,357.00	(3,357.00)	-	-	-
Total Resource Room/Resource Center	3,886,196.80	(25,303.15)	3,860,893.65	3,860,305.78	587.87
Autism:					
Salaries of Teachers	133,889.00	(30,333.00)	103,556.00	103,556.00	-
Other Salaries for Instruction	169,282.00	(49,786.00)	119,496.00	119,496.00	-
General Supplies	750.00	-	750.00	749.46	0.54
Textbooks	300.00	-	300.00	-	300.00
Total Autism	304,221.00	(80,119.00)	224,102.00	223,801.46	300.54

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONTD.):					
Current Expense (Cont'd.):					
Special Education (Cont'd.):					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 207,980.00	\$ 1,967.55	\$ 209,947.55	\$ 209,947.55	\$ -
Other Salaries for Instruction	234,471.00	(47,265.52)	187,205.48	187,205.48	-
General Supplies	4,500.00	(2,398.50)	2,101.50	2,101.50	-
Total Preschool Disabilities - Part-Time	446,951.00	(47,696.47)	399,254.53	399,254.53	-
Preschool Disabilities - Full-Time:					
Salaries of Teachers	58,799.00	1,455.00	60,254.00	60,254.00	-
Other Salaries for Instruction	58,417.00	(378.00)	58,039.00	58,039.00	-
General Supplies	1,000.00	(529.00)	471.00	470.87	0.13
Total Preschool Disabilities - Full-Time	118,216.00	548.00	118,764.00	118,763.87	0.13
Special Education - Home Instruction:					
Salaries of Teachers	44,789.00	(16,608.52)	28,180.48	28,180.48	-
Purchased Professional - Educational Services	32,126.00	8,060.30	40,186.30	39,690.30	496.00
Total Special Education - Home Instruction	76,915.00	(8,548.22)	68,366.78	67,870.78	496.00
Total Special Education	7,478,213.96	(207,311.30)	7,270,902.66	7,264,012.82	6,889.84
Basic Skills/Remedial:					
Salaries of Teachers	577,305.00	26,578.56	603,883.56	603,883.56	-
General Supplies	3,150.00	(874.41)	2,275.59	2,193.86	81.73
Total Basic Skills/Remedial	580,455.00	25,704.15	606,159.15	606,077.42	81.73

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONTD.):					
Current Expense (Contd.):					
Bilingual Education:					
Salaries of Teachers	\$ 50,630.00	\$ 2,246.80	\$ 52,876.80	\$ 52,876.80	\$ -
General Supplies	500.00	-	500.00		500.00
Total Bilingual Education	51,130.00	2,246.80	53,376.80	52,876.80	500.00
School - Sponsored Cocurricular Activities:					
Salaries	302,037.00	5,092.00	307,129.00	307,129.00	-
Purchased Services	16,985.00	(2,474.01)	14,510.99	12,028.52	2,482.47
Supplies and Materials	16,209.00	130.00	16,339.00	15,255.94	1,083.06
Other Objects	33,010.00	(5,476.00)	27,534.00	27,274.62	259.38
Total School - Sponsored Cocurricular Activities	368,241.00	(2,728.01)	365,512.99	361,688.08	3,824.91
School - Sponsored Athletics:					
Salaries	497,630.00	750.81	498,380.81	498,380.81	-
Purchased Services	161,648.00	(12,886.00)	148,762.00	144,017.36	4,744.64
Supplies and Materials	92,244.28	(3,414.00)	88,830.28	86,762.82	2,067.46
Other Objects	22,026.71	(2,700.00)	19,326.71	19,123.29	203.42
Total School - Sponsored Athletics	773,548.99	(18,249.19)	755,299.80	748,284.28	7,015.52
Summer School - Instruction:					
Salaries of Teachers	69,911.00	(6,748.53)	63,162.47	63,162.47	-
Other Salaries for Instruction	47,053.00	(3,366.80)	43,686.20	43,686.20	-
Purchased Professional and Technical Services	22,288.00	6,441.50	28,729.50	28,729.50	-
General Supplies		181.35	181.35	181.35	-
Total Summer School - Instruction	139,252.00	(3,492.48)	135,759.52	135,759.52	-
Summer School - Support Services:					
Salaries	1,470.00	113.75	1,583.75	1,583.75	-
Total Summer School - Support Services	1,470.00	113.75	1,583.75	1,583.75	-
Total Summer School	140,722.00	(3,378.73)	137,343.27	137,343.27	-

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Community Services Programs/Operations:					
Salaries	\$ 28,506.00	\$ 2,384.58	\$ 30,890.58	\$ 30,890.58	\$ -
Purchased Services	1,000.00	-	1,000.00	470.26	529.74
	29,506.00	2,384.58	31,890.58	31,360.84	529.74
Total Community Services Programs/Operations	28,405,707.17	(542,159.29)	27,863,547.88	27,806,323.88	57,224.00
Total Instruction					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAS Within the					
State - Special	877,834.00	382,096.52	1,259,930.52	1,259,481.60	448.92
Tuition to County Vocational School					
Districts - Regular	424,500.00	38,700.00	463,200.00	463,200.00	-
Tuition to County Vocational School					
Districts - Special	20,000.00	(8,000.00)	12,000.00	12,000.00	-
Tuition to Private Schools for the					
Disabled within State	665,359.00	421,625.98	1,086,984.98	1,084,045.63	2,939.35
Tuition - State Facilities	65,904.00	-	65,904.00	65,904.00	-
Tuition - Other	352,082.00	29,868.75	381,950.75	381,898.88	51.87
	2,405,679.00	864,291.25	3,269,970.25	3,266,530.11	3,440.14
Total Undistributed Expenditures - Instruction					
Attendance and Social Work Services:					
Purchased Professional and Technical Services	2,700.00	500.00	3,200.00	2,975.00	225.00
	2,700.00	500.00	3,200.00	2,975.00	225.00
Total Attendance and Social Work Services					

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONTD.):					
Current Expense (Cont'd.):					
Health Services:					
Salaries	\$ 632,721.00	\$ 1,848.81	\$ 634,569.81	\$ 634,569.81	\$ -
Purchased Professional and Technical Services	42,198.00	(15,776.12)	26,421.88	26,421.88	-
Other Purchased Services	12,347.00	(500.00)	11,847.00	11,847.00	-
Supplies and Materials	10,707.00	1,191.35	11,898.35	11,861.27	37.08
Total Health Services	697,973.00	(13,235.96)	684,737.04	684,699.96	37.08
Speech, OT, PT and Related Services:					
Salaries	1,045,536.00	(20,260.70)	1,025,275.30	1,025,275.30	-
Purchased Professional - Educational Services	122,935.00	(26,429.38)	96,505.62	83,305.25	13,200.37
Supplies and Materials	8,170.00	965.97	9,135.97	9,114.33	21.64
Total Speech, OT, PT and Related Services	1,176,641.00	(45,724.11)	1,130,916.89	1,117,694.88	13,222.01
Other Support Services - Students - Extraordinary Services:					
Salaries	762,589.00	156,059.64	918,648.64	918,648.64	-
Purchased Professional - Educational Services	295,154.00	33,165.19	328,319.19	310,903.62	17,415.57
Supplies and Materials	6,749.99	1,748.89	8,498.88	8,398.60	100.28
Total Other Support Services - Students - Extraordinary Services	1,064,492.99	190,973.72	1,255,466.71	1,237,950.86	17,515.85
Guidance:					
Salaries of Other Professional Staff	610,568.00	(13,369.90)	597,198.10	597,198.10	-
Salaries of Secretarial and Clerical Assistants	163,661.00	-	163,661.00	163,657.92	3.08
Other Purchased Professional and Technical Services	61,517.00	(1,790.00)	59,727.00	57,335.22	2,391.78
Other Purchased Services	2,000.00	1,371.69	3,371.69	3,371.69	-
Supplies and Materials	13,859.00	(5,345.44)	8,513.56	7,721.66	791.90
Other Objects	1,675.00	(775.06)	899.94	879.00	20.94
Total Guidance	853,280.00	(19,908.71)	833,371.29	830,163.59	3,207.70

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Exhibit - C-1
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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D):					
Current Expense (Cont'd.):					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 1,123,155.00	\$ (22,093.73)	\$ 1,101,061.27	\$ 1,101,061.27	\$ -
Salaries of Secretarial and Clerical Assistants	136,948.00	-	136,948.00	136,947.96	0.04
Purchased Professional - Educational Services	243,780.00	(163.00)	243,617.00	243,600.00	17.00
Other Purchased Professional and Technical Services	20,000.00	2,887.40	22,887.40	18,430.00	4,457.40
Miscellaneous Purchased Services	10,750.00	2,281.55	13,031.55	12,368.66	662.89
Supplies and Materials	13,500.00	(4,753.68)	8,746.32	8,104.91	641.41
Total Child Study Teams	1,548,133.00	(21,841.46)	1,526,291.54	1,520,512.80	5,778.74
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	964,810.00	(66,320.74)	898,489.26	898,489.26	-
Salaries of Other Professional Staff	30,088.00	49,877.00	79,965.00	79,965.00	-
Salaries of Secretarial and Clerical Assistants	101,347.00	1,020.45	102,367.45	102,367.45	-
Salaries of Facilitators, Math and Literacy Coaches	139,666.00	(22,367.75)	117,298.25	117,298.25	-
Purchased Professional - Educational Services	5,000.00	(83.00)	4,917.00	3,600.00	1,317.00
Other Purchased Services	7,530.00	(1,472.60)	6,057.40	5,322.10	735.30
Supplies and Materials	7,195.00	(1,322.47)	5,872.53	5,761.72	110.81
Other Objects	3,075.00	(589.00)	2,486.00	2,397.00	89.00
Total Improvement of Instructional Services	1,258,711.00	(41,258.11)	1,217,452.89	1,215,200.78	2,252.11
Educational Media Services/School Library:					
Salaries	385,963.00	(23,808.40)	362,154.60	362,154.60	-
Purchased Professional and Technical Services	14,712.00	-	14,712.00	14,712.00	-
Other Purchased Services	6,939.00	(2,916.72)	4,022.28	3,769.10	253.18
Supplies and Materials	35,632.00	(310.61)	35,321.39	34,938.40	382.99
Total Educational Media Services/School Library	443,246.00	(27,035.73)	416,210.27	415,574.10	636.17

**CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONTD.):					
Current Expense (Cont'd.):					
Instructional Staff Training Services:					
Other Salaries	\$ 33,250.00	\$ (19,945.28)	\$ 13,304.72	\$ 12,761.66	\$ 543.06
Purchased Professional - Educational Services	51,030.00	17,198.00	68,228.00	65,148.00	3,080.00
Other Purchased Services	23,406.00	(4,659.42)	18,746.58	16,717.02	2,029.56
Supplies and Materials	25,000.00	(19,494.44)	5,505.56	3,744.70	1,760.86
Other Objects	3,865.00	1,544.00	5,409.00	1,236.00	4,173.00
Total Instructional Staff Training Services	136,551.00	(25,357.14)	111,193.86	99,607.38	11,586.48
Support Services - General Administration:					
Salaries	363,966.00	(21,894.92)	342,071.08	342,071.08	-
Legal Services	135,480.00	26,603.25	162,083.25	162,083.25	-
Audit Fees	30,785.00	-	30,785.00	30,670.00	115.00
Architectural/Engineering Services	7,540.00	(4,500.00)	3,040.00	3,040.00	-
Purchased Technical Services	176,076.25	1,500.00	1,500.00	1,500.00	-
Communications/Telephone	4,000.00	(31,901.14)	144,175.11	136,867.86	7,307.25
BOE Other Purchased Services	79,385.00	-	4,000.00	3,916.32	83.68
Miscellaneous Purchased Services	15,194.00	(9,600.00)	69,785.00	67,568.83	2,216.17
General Supplies	3,000.00	(1,112.00)	14,082.00	5,376.34	8,705.66
BOE In-House Training/Meeting Supplies	8,168.00	(3,000.00)	7,179.25	5,871.86	1,307.39
Miscellaneous Expenditures	27,403.00	(988.75)	26,915.00	26,915.00	-
BOE Membership Dues and Fees	850,997.25	(488.00)	805,615.69	785,880.54	19,735.15
Total Support Services - General Administration	1,630,252.00	(44,180.74)	1,586,071.26	1,586,071.26	-
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	395,315.00	(11,363.52)	383,951.48	383,951.48	-
Salaries of Other Professional Staff	890,584.00	(5,513.46)	885,070.54	885,070.54	-
Salaries of Secretarial and Clerical Assistants		1,298.20	1,298.20	1,298.20	-
Unused Vacation Payment to Terminated/Retired Staff		2,145.00	2,145.00	2,145.00	-
Purchased Professional and Technical Services	17,117.00	(4,511.66)	12,605.34	7,502.29	5,103.05
Other Purchased Services	33,087.01	(6,761.52)	26,325.49	25,331.07	994.42
Supplies and Materials	8,815.00	3,008.45	11,823.45	11,577.69	245.76
Other Objects	2,975,170.01	(65,879.25)	2,909,290.76	2,902,947.53	6,343.23
Total Support Services - School Administration	3,030,008.01	(68,846.44)	2,961,161.57	2,957,845.84	3,315.73

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONTD.):					
Current Expense (Contd.):					
Central Services:					
Salaries	\$ 666,724.00	\$ 53,143.16	\$ 719,867.16	\$ 719,867.16	\$ -
Purchased Technical Services	112,242.00	19,672.69	131,914.69	130,668.12	1,246.57
Miscellaneous Purchased Services	26,862.75	(48.63)	26,814.12	23,889.02	2,925.10
Supplies and Materials	25,988.94	(3,230.36)	22,758.58	20,585.58	2,173.00
Miscellaneous Expenditures	4,976.00	2,729.30	7,705.30	7,238.71	466.59
Total Central Services	836,793.69	72,266.16	909,059.85	902,248.59	6,811.26
Administrative Information Technology:					
Salaries	286,087.00	8,043.15	294,130.15	294,130.15	-
Purchased Technical Services	14,278.00	900.00	15,178.00	15,178.00	-
Other Purchased Services	2,230.00	(900.00)	1,330.00	1,285.87	44.13
Supplies and Materials	1,000.00	-	1,000.00	788.87	211.13
Total Administrative Information Technology	303,595.00	8,043.15	311,638.15	311,382.89	255.26
Required Maintenance for School Facilities:					
Salaries	218,965.00	268.22	219,233.22	219,028.94	204.28
Cleaning, Repair, and Maintenance Services	212,633.00	113,073.27	325,706.27	322,107.72	3,598.55
General Supplies	63,820.66	(5,669.00)	58,151.66	55,180.36	2,971.30
Other Objects	10,800.00	(8,647.73)	2,152.27	258.00	1,894.27
Total Required Maintenance for School Facilities	506,218.66	99,024.76	605,243.42	596,575.02	8,668.40
Custodial Services:					
Salaries	1,973,646.00	19,005.10	1,992,651.10	1,988,602.83	4,048.27
Salaries of Non-Instructional Aides	419,061.00	(25,300.08)	393,760.92	393,760.92	-
Unused Vacation Payment to Terminated/Retired Staff		2,870.50	2,870.50	2,870.50	-
Purchased Professional & Technical Services	38,156.00	(2,084.12)	36,071.88	34,575.25	1,496.63
Cleaning, Repair, and Maintenance Services	140,920.38	(6,095.06)	134,825.32	129,540.74	5,284.58
Other Purchased Property Services	97,600.00	3,221.76	100,821.76	92,240.72	8,581.04
Insurance	369,542.00	(4,566.00)	364,976.00	360,789.00	4,187.00
Miscellaneous Purchased Services	2,830.00	(932.00)	1,898.00	1,085.00	813.00
General Supplies	173,908.55	640.85	174,549.40	173,005.86	1,543.54
Energy (Natural Gas)	285,800.00	(20,735.85)	265,064.15	255,280.13	9,784.02
Energy (Electricity)	539,503.00	(77,732.67)	461,770.33	365,062.68	96,707.65
Energy (Gasoline)	13,500.00	(2,774.74)	10,725.26	8,645.59	2,079.67
Other Objects	2,748.00	325.00	3,073.00	3,072.00	1.00
Total Custodial Services	4,057,214.93	(114,157.31)	3,943,057.62	3,808,531.22	134,526.40

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Care and Upkeep of Grounds:					
Salaries	\$ 137,209.00	\$ 5,381.58	\$ 142,590.58	\$ 142,590.58	\$ -
Cleaning, Repair, and Maintenance Services	149,790.08	(24,085.92)	125,704.16	119,573.52	6,130.64
General Supplies	37,465.00	(11,669.85)	25,795.15	24,513.84	1,281.31
Total Care and Upkeep of Grounds	324,464.08	(30,374.19)	294,089.89	286,677.94	7,411.95
Security:					
Purchased Professional & Technical Services	15,000.00	18,575.00	33,575.00	29,162.50	4,412.50
Cleaning, Repair, and Maintenance Services	28,747.75	21,991.72	50,739.47	23,172.75	27,566.72
General Supplies	2,200.00	7,452.55	9,652.55	7,707.21	1,945.34
Total Care and Upkeep of Grounds	45,947.75	48,019.27	93,967.02	60,042.46	33,924.56
Student Transportation Services:					
Salaries for Pupil Transportation (Other Than Between Home & School)	101,980.00	(906.11)	101,073.89	100,881.47	192.42
Cleaning, Repair, and Maintenance Services	10,000.00	3,850.75	13,850.75	13,850.75	-
Contracted Services (Between Home and School) - Vendors	95,735.00	38,401.00	134,136.00	133,689.53	446.47
Contracted Services (Other Than Between Home & School) - Vendors	177,714.00	(3,633.75)	174,080.25	164,231.80	9,848.45
Contracted Services (Special Education Students) - Vendors	20,822.86	2,842.07	23,664.93	22,019.55	1,645.38
Contracted Services (Special Education Students) - Joint Agreements	450,066.00	(103,990.07)	346,075.93	345,723.44	352.49
Contracted Services (Regular Students) - ESCs	128,588.00	(62.04)	128,525.96	125,028.25	3,497.71
Contracted Services (Special Ed. Students) - ESCs	456,650.00	98,845.47	555,495.47	555,317.60	177.87
Contracted Services - Aid in Lieu of Payments	86,632.00	-	86,632.00	73,655.40	12,976.60
Transportation Supplies	6,500.00	(1,766.63)	4,733.37	4,506.11	227.26
Total Student Transportation Services	1,534,687.86	33,580.69	1,568,268.55	1,538,903.90	29,364.65

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 756,974.00	\$ (979.17)	\$ 755,994.83	\$ 753,952.39	\$ 2,042.44
Other Retirement Contributions - PERS	789,059.00	-	789,059.00	750,898.50	38,160.50
Other Retirement Contributions - Regular	46,200.00	-	46,200.00	35,969.80	10,230.20
Workers' Compensation	447,938.00	-	447,938.00	444,017.00	3,921.00
Health Benefits	10,918,366.00	(206,234.27)	10,712,131.73	10,712,131.73	-
Tuition Reimbursement	103,000.00	2,542.50	105,542.50	53,674.49	51,868.01
Other Employee Benefits	253,170.00	46,052.88	299,222.88	298,400.82	822.06
Unused Sick Payment to Terminated/Retired Staff		115,420.40	115,420.40	115,420.40	-
Total Unallocated Benefits - Employee Benefits	13,314,707.00	(43,197.66)	13,271,509.34	13,164,465.13	107,044.21
Total Personal Services - Employee Benefits	13,314,707.00	(43,197.66)	13,271,509.34	13,164,465.13	107,044.21
On-behalf TPAF Pension					
Contributions (non-budgeted)				4,170,480.00	(4,170,480.00)
On-behalf Post Retirement Medical					
Contributions (non-budgeted)				2,693,624.00	(2,693,624.00)
On-behalf Long Term Disability					
Contributions (non-budgeted)				7,729.00	7,729.00
Reimbursed TPAF Social Security					
Contributions (non-budgeted)				2,110,042.61	(2,110,042.61)
Total Undistributed Expenditures	34,337,203.22	823,347.81	35,160,551.03	43,730,440.29	(8,554,431.26)
Total Expenditures - Current Expense	62,742,910.39	281,188.52	63,024,098.91	71,536,764.17	(8,497,207.26)

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$	\$ 7,673.00	\$ 7,673.00	\$	\$ 7,673.00
School Sponsored and Other Instructional Programs		25,238.46	25,238.46	6,459.99	18,778.47
Undistributed Expenditures:					
Support Services - Related and Extraordinary		10,761.21	10,761.21	10,760.32	0.89
Support Services - Instructional Staff		3,881.28	3,881.28	3,881.28	-
Custodial Services	50,235.95	20,004.17	70,240.12	60,337.68	9,902.44
Care and Upkeep of Grounds		10,503.16	10,503.16	10,503.16	-
Total Equipment	50,235.95	78,061.28	128,297.23	91,942.43	36,354.80
Facilities Acquisition & Construction Services:					
Other Objects	13,684.00	-	13,684.00	13,684.00	-
Total Facilities Acquisition & Construction Services	13,684.00	-	13,684.00	13,684.00	-
Assets Acquired Under Capital Leases:					
Equipment:					
Copiers (non-budgeted)				47,823.60	(47,823.60)
Total Assets Acquired Under Capital Leases	-	-	-	47,823.60	(47,823.60)
Total Capital Outlay	63,919.95	78,061.28	141,981.23	153,450.03	(11,468.80)
Total Expenditures	62,806,830.34	359,249.80	63,166,080.14	71,690,214.20	(8,508,676.06)

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit - C-1
Page 14 of 14

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE(NEGATIVE) FINAL TO ACTUAL
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (841,582.34)	\$ (51,784.00)	\$ (893,366.34)	\$ (640,309.05)	\$ 268,515.29
Other Financing Sources/(Uses): Capital Leases (non-budgeted)				47,823.60	47,823.60
Total Other Financing Sources/(Uses)				47,823.60	47,823.60
Excess (Deficiency) of Revenues and Other Financing Sources/(Uses) Over (Under) Expenditures and Other Financing Uses	(841,582.34)	(51,784.00)	(893,366.34)	(592,485.45)	316,338.89
Fund Balances, July 1	2,140,282.28		2,140,282.28	2,140,282.28	
Fund Balances, June 30	\$ 1,298,699.94	\$ (51,784.00)	\$ 1,246,915.94	\$ 1,547,796.83	\$ 316,338.89
Reconciliation:					
Restricted Fund Balance:					
Reserved for Excess Surplus				20,863.58	
Reserved - Excess Surplus - Designated for Subsequent Year's Expenditures				1.00	
Capital Reserve Account					
Committed Fund Balance:					
Year - End Encumbrances				173,483.89	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				641,303.42	
Unassigned Fund Balance				712,144.94	
				\$ 1,547,796.83	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(225,214.00)	
Extraordinary Aid Payment				(431,667.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 890,915.83	

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ 27,141.00	\$ 42,255.68	\$ 69,396.68	\$ 60,924.38	\$ (8,472.30)
Total - Local Sources	27,141.00	42,255.68	69,396.68	60,924.38	(8,472.30)
State Sources:					
Nonpublic Aid	125,319.00	47,620.00	172,939.00	124,028.78	(48,910.22)
Total - State Sources	125,319.00	47,620.00	172,939.00	124,028.78	(48,910.22)
Federal Sources:					
I.D.E.A., Part B (Handicapped)	870,778.00	(2,518.00)	868,260.00	868,260.00	-
ESEA - Title I, Part A	98,748.00	(502.00)	98,246.00	98,066.13	(179.87)
ESEA - Title II, Part A	66,534.00	(16,883.00)	49,651.00	46,149.93	(3,501.07)
ESEA - Title III, Immigrant		2,825.00	2,825.00	2,825.00	-
ESEA - Title IV, Part A		10,000.00	10,000.00	4,170.00	(5,830.00)
Total - Federal Sources	1,036,060.00	(7,078.00)	1,028,982.00	1,019,471.06	(9,510.94)
Total Revenues	1,188,520.00	82,797.68	1,271,317.68	1,204,424.22	(66,893.46)
EXPENDITURES:					
Instruction					
Salaries of Teachers	158,561.00	(80,498.00)	78,063.00	77,191.00	872.00
Purchased Professional and Technical Services	15,573.00	(14,573.00)	1,000.00	1,000.00	-

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit C-2
Page 2 of 2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Instruction (cont'd)					
Other Purchased Services	\$ 112,776.00	\$ 46,530.00	\$ 159,306.00	\$ 110,572.77	\$ 48,733.23
Tuition	811,795.00	844.00	812,639.00	812,639.00	-
General Supplies	27.00	54,221.26	54,248.26	43,817.96	10,430.30
Textbooks	12,543.00	1,590.00	14,133.00	13,956.01	176.99
Total Instruction	1,111,275.00	8,114.26	1,119,389.26	1,059,176.74	60,212.52
EXPENDITURES (CONT'D):					
Support Services					
Other Salaries	35,967.00	35,967.00	35,967.00	35,967.00	-
Personal Services - Employee Benefits	32,798.00	2,013.00	34,811.00	34,546.06	264.94
Purchased Professional - Educational Services	43,245.00	20,042.00	63,287.00	59,871.00	3,416.00
Other Purchased Services (400-500 series)		2,250.00	2,250.00	2,250.00	-
Supplies and Materials	1,202.00	7,415.42	8,617.42	5,617.42	3,000.00
Total Support Services	77,245.00	67,687.42	144,932.42	138,251.48	6,680.94
Facilities Acquisition and Construction Services:					
Instructional Equipment		6,996.00	6,996.00	6,996.00	-
Total Facilities Acquisition and Construction Services		6,996.00	6,996.00	6,996.00	-
Total Expenditures	1,188,520.00	82,797.68	1,271,317.68	1,204,424.22	66,893.46
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION – PART II**

CRANFORD PUBLIC SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
 GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (C-series)	\$ 71,049,905.15	\$ 1,204,424.22
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(656,881.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	714,422.00	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	\$ <u>71,107,446.15</u>	\$ <u>1,204,424.22</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 71,690,214.20	\$ 1,204,424.22
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ <u>71,690,214.20</u>	\$ <u>1,204,424.22</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART III

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)**

SECTION – L

**(Section numbering as per N.J. Department of Education
2014-2015 Audit Program)**

CRANFORD PUBLIC SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's Proportion of the Net Pension Liability	0.077652%	0.082595%	0.079195%	0.081087%	0.080068%
District's Proportionate Share of the Net Pension Liability	\$14,840,790	\$15,463,969	\$17,777,779	\$24,015,633	\$18,638,513
District's Covered-Employee Payroll	\$5,485,685	\$5,483,006	\$5,548,124	\$5,487,622	\$ 5,720,682
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	270.54%	282.03%	320.43%	437.63%	325.81%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Local Share)	48.72%	52.08%	47.93%	40.14%	48.10%

* Amounts presented for each fiscal year were determined as of June 30.

CRANFORD PUBLIC SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	<u>Last 10 Fiscal Years*</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually Required Contribution	\$ 585,090	\$ 680,898	\$ 724,669	\$ 750,899	\$ 822,656
Contribution in Relation to Contractually Required Contribution	<u>\$ (585,090)</u>	<u>\$ (680,898)</u>	<u>\$ (724,669)</u>	<u>\$ (750,899)</u>	<u>\$ (822,656)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of the Payroll	\$ 5,483,006	\$ 5,548,124	\$ 5,520,410	\$ 5,720,682	\$ 5,776,277
Contributions as a percentage of Covered Employee Payroll	10.67%	12.27%	13.13%	13.13%	14.24%

* Amounts presented for each fiscal year were determined as of June 30.

CRANFORD PUBLIC SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND (Non-State Employer Group)

Last 10 Fiscal Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.268315%	0.266514%	0.275352%	0.268444%	0.263689%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$135,604,354	\$142,443,280	\$174,034,492	\$211,174,753	\$177,788,658
District's Covered-Employee Payroll	\$26,581,466	\$27,065,917	\$27,043,401	\$27,617,810	\$28,735,328
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	510.15%	526.28%	643.54%	764.63%	618.71%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	33.76%	33.64%	28.71%	22.33%	25.41%

* Amounts presented for each fiscal year were determined as of June 30.

Note: Percentages shown are Plan-wide, and include NPL and PFNP
 data that include employees of the State of New Jersey.

CRANFORD PUBLIC SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
JUNE 30, 2018

NOTE 1. CHANGES IN ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2017, dated March 29, 2018. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms - None

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

TPAF

Changes in benefit terms - None

Changes in assumptions - For 2017, the discount rate changed to 4.25% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65% from 7.90%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR OPEB (GASB 75) (NEW)**

SECTION – M

**(Section numbering as per N.J. Department of Education 2017-2018
Audit Program)**

CRANFORD SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET OPEB LIABILITY
STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES PLAN

	<u>2016</u>	<u>2017</u>
District's Proportion of the Net OPEB Liability	0.2450208%	0.2451500%
District's Proportionate Share of the Net OPEB Liability	\$ 141,699,912	\$ 131,498,084
District's Covered Employee Payroll	\$ 34,003,681	\$ 35,345,896
District's Proportionate Share of the Net OPEB Liability as a percentage of its Covered Employee Payroll	416.72%	372.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%

CRANFORD PUBLIC SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
JUNE 30, 2018

NOTE 1. SPECIAL FUNDING SITUATION

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. Accordingly, proportionate share information of the Net OPEB Liability is not reflected in the District's financial statements.

NOTE 2. CHANGES IN ASSUMPTIONS

For 2017, the discount rate changed to 3.58% from 2.85%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

SECTION – D

SPECIAL REVENUE FUND

SECTION – E

CRANFORD PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Total Brought Forward (Ex. E-1a)	IDEA Part B Basic Reg. FY 2018	IDEA Part B Preschool FY 2018	ESEA - Title I, Part A FY 2018	ESEA - Title II, Part A FY 2018	ESEA - Title III, Immigrant FY 2018	ESEA - Title IV, Part A FY 2018	Totals 2018
REVENUES:								
State Sources	\$ 124,028.78	\$	\$	\$	\$	\$	\$	\$ 124,028.78
Federal Sources		839,717.00	28,543.00	98,066.13	46,149.93	2,825.00	4,170.00	1,019,471.06
Local Sources	60,924.38							60,924.38
Total Revenues	184,953.16	839,717.00	28,543.00	98,066.13	46,149.93	2,825.00	4,170.00	1,204,424.22
EXPENDITURES:								
Instruction:								
Salaries of Teachers	2,616.00			74,575.00				77,191.00
Purchased Professional and Technical Services	1,000.00							1,000.00
Other Purchased Services	110,572.77							110,572.77
Tuition		812,639.00				1,325.00	1,420.00	812,639.00
General Supplies	41,072.96							43,817.96
Textbooks	13,956.01							13,956.01
Total Instruction	169,217.74	812,639.00		74,575.00		1,325.00	1,420.00	1,059,176.74
Support Services:								
Other Salaries	872.00				35,095.00			35,967.00
Personal Services - Employee Benefits				23,491.13	11,054.93			34,546.06
Purchased Professional - Educational Services		27,078.00	28,543.00			1,500.00	2,750.00	59,871.00
Other Purchased Services (400-500 series)	2,250.00							2,250.00
Supplies and Materials	5,617.42							5,617.42
Total Support Services	8,739.42	27,078.00	28,543.00	23,491.13	46,149.93	1,500.00	2,750.00	138,251.48
Facilities Acquisition & Construction Services:								
Instructional Equipment	6,996.00							6,996.00
Total Facilities Acquisition & Construction Services	6,996.00							6,996.00
Total Expenditures	184,953.16	839,717.00	28,543.00	98,066.13	46,149.93	2,825.00	4,170.00	1,204,424.22

CRANFORD PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Total Brought Forward (Ex. E-1b)	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Total Carried Forward
REVENUES:						
State Sources	\$ 56,409.48	\$ 13,956.01	\$ 24,842.01	\$ 9,521.28	\$ 19,300.00	\$ 124,028.78
Federal Sources						
Local Sources	60,924.38					60,924.38
Total Revenues	117,333.86	13,956.01	24,842.01	9,521.28	19,300.00	184,953.16
EXPENDITURES:						
Instruction:						
Salaries of Teachers	2,616.00					2,616.00
Purchased Professional and Technical Services	1,000.00					1,000.00
Other Purchased Services	56,909.48		24,842.01	9,521.28	19,300.00	110,572.77
Tuition						
General Supplies	41,072.96	13,956.01				41,072.96
Textbooks						13,956.01
Total Instruction	101,598.44	13,956.01	24,842.01	9,521.28	19,300.00	169,217.74
Support Services:						
Other Salaries	872.00					872.00
Personal Services - Employee Benefits						
Purchased Professional - Educational Services						
Other Purchased Services (400-500 series)	2,250.00					2,250.00
Supplies and Materials	5,617.42					5,617.42
Total Support Services	8,739.42					8,739.42
Facilities Acquisition & Construction Services:						
Instructional Equipment	6,996.00					6,996.00
Total Facilities Acquisition & Construction Services	6,996.00					6,996.00
Total Expenditures	117,333.86	13,956.01	24,842.01	9,521.28	19,300.00	184,953.16

CRANFORD PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Total Brought Forward (Ex. E-1c)	N.J. Nonpublic Auxiliary Services Ch. 192		N.J. Nonpublic Handicapped Services Ch. 193			Total Carried Forward
		Trans- portation	Compensatory Education	Supplemental Instruction	Examination & Classification	Corrective Speech	
REVENUES:							
State Sources	\$	\$ 6,044.00	\$ 25,070.97	\$ 6,740.50	\$ 8,554.65	\$ 9,999.36	\$ 56,409.48
Federal Sources							
Local Sources							60,924.38
Total Revenues		6,044.00	25,070.97	6,740.50	8,554.65	9,999.36	117,333.86
EXPENDITURES:							
Instruction:							
Salaries of Teachers	2,616.00						2,616.00
Purchased Professional and Technical Services	1,000.00						1,000.00
Other Purchased Services	500.00	6,044.00	25,070.97	6,740.50	8,554.65	9,999.36	56,909.48
Tuition							
General Supplies	41,072.96						41,072.96
Textbooks							
Total Instruction	45,188.96	6,044.00	25,070.97	6,740.50	8,554.65	9,999.36	101,598.44
Support Services:							
Other Salaries	872.00						872.00
Personal Services - Employee Benefits							
Purchased Professional - Educational Services							
Other Purchased Services (400-500 series)	2,250.00						2,250.00
Supplies and Materials	5,617.42						5,617.42
Total Support Services	8,739.42						8,739.42
Facilities Acquisition & Construction Services:							
Instructional Equipment	6,996.00						6,996.00
Total Facilities Acquisition & Construction Services	6,996.00						6,996.00
Total Expenditures	\$ 60,924.38	\$ 6,044.00	\$ 25,070.97	\$ 6,740.50	\$ 8,554.65	\$ 9,999.36	\$ 117,333.86

CRANFORD PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Total Brought Forward (Ex. E-1d)	LAS PTA Donations	BASF Corporation Grant	Kids Dig In Grant	Sustainable Jersey Grant	School Program Donations	CAT Fund	HAS Music Program Donations	Target Grants	Total Carried Forward
REVENUES:										
State Sources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Federal Sources										
Local Sources	42,560.13	4,872.00	695.14	46.66	2,793.80	3,499.00	5,195.00	500.00	762.65	60,924.38
Total Revenues	42,560.13	4,872.00	695.14	46.66	2,793.80	3,499.00	5,195.00	500.00	762.65	60,924.38
EXPENDITURES:										
Instruction:										
Salaries of Teachers	872.00				1,744.00					2,616.00
Purchased Professional and Technical Services					1,000.00					1,000.00
Other Purchased Services								500.00		500.00
Tuition										
General Supplies	35,518.71	4,000.00	695.14	46.66	49.80				762.65	41,072.96
Textbooks										
Total Instruction	36,390.71	4,000.00	695.14	46.66	2,793.80			500.00	762.65	45,188.96
Support Services:										
Other Salaries		872.00								872.00
Personal Services - Employee Benefits										
Purchased Professional - Educational Services										
Other Purchased Services (400-500 series)							2,250.00			2,250.00
Supplies and Materials	5,617.42									5,617.42
Total Support Services	5,617.42	872.00					2,250.00			8,739.42
Facilities Acquisition & Construction Services:										
Instructional Equipment	552.00					3,499.00	2,945.00			6,996.00
Total Facilities Acquisition & Construction Services	552.00					3,499.00	2,945.00			6,996.00
Total Expenditures	\$ 42,560.13	\$ 4,872.00	\$ 695.14	\$ 46.66	\$ 2,793.80	\$ 3,499.00	\$ 5,195.00	\$ 500.00	\$ 762.65	\$ 60,924.38

CRANFORD PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONTD)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	CHS Mosaic Project Grant	BPS School Donations	BAS PTA Donations	NEA Grant	CFEE Grants	OAS PTA Donations	HAS Exxon/Mobile Grant	HAS Kelly's Kids Donation	Total Carried Forward
REVENUES:									
State Sources									
Federal Sources									
Local Sources	810.43	617.42	872.00	5,000.00	21,760.28	12,000.00	500.00	1,000.00	42,560.13
Total Revenues	810.43	617.42	872.00	5,000.00	21,760.28	12,000.00	500.00	1,000.00	42,560.13
EXPENDITURES:									
Instruction:									
Salaries of Teachers			872.00						872.00
Purchased Professional and Technical Services									
Other Purchased Services									
Tuition					21,208.28	12,000.00	500.00	1,000.00	35,518.71
General Supplies	810.43								
Textbooks									
Total Instruction	810.43		872.00		21,208.28	12,000.00	500.00	1,000.00	36,390.71
Support Services:									
Other Salaries									
Personal Services - Employee Benefits									
Purchased Professional - Educational Services									
Other Purchased Services (400-500 series)		617.42		5,000.00					5,617.42
Supplies and Materials		617.42		5,000.00					5,617.42
Total Support Services									
Facilities Acquisition & Construction Services:									
Instructional Equipment					552.00				552.00
Total Facilities Acquisition & Construction Services					552.00				552.00
Total Expenditures	810.43	617.42	872.00	5,000.00	21,760.28	12,000.00	500.00	1,000.00	42,560.13

CAPITAL PROJECTS FUND

SECTION – F

CRANFORD PUBLIC SCHOOL DISTRICT
SUMMARY STATEMENT OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FISCAL YEAR ENDED JUNE 30, 2018

PROJECT TITLE/ISSUE	APPROPRIATIONS	GRANT CANCELLED		GAAP EXPENDITURES TO DATE		OPERATING TRANSFERS IN (OUT)		UNEXPENDED BALANCE
		PRIOR YEARS	CURRENT YEAR	PRIOR YEARS	CURRENT YEAR	PRIOR YEARS	CURRENT YEAR	
Various Capital Improvements - December 2009 Referendum:								
Issuance of School Bonds	\$ 11,988,000.00			\$ 8,021,670.90	\$ 146,018.42	\$ (2,226,259.78)		\$ 1,594,050.90
Additional State School Building Aid - (SDA) Grants	7,992,506.00	(1,530,397.64)	(1,304,377.54)	5,268,231.24	(110,500.42)			0.00 *
TOTALS	\$ 19,980,506.00	\$ (1,530,397.64)	\$ (1,304,377.54)	\$ 13,289,902.14	\$ 35,518.00	\$ (2,226,259.78)	\$ -	\$ 1,594,050.90

* Not recorded as revenue or receivable

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Revenues and Other Financing Sources:	
State Sources - SDA Grant - 2009 Referendum	\$ <u>(1,304,377.54)</u>
Total Revenues and Other Financing Sources	<u>(1,304,377.54)</u>
Expenditures and Other Financing Uses:	
Construction Services	<u>35,518.00</u>
Total Expenditures and Other Financing Uses	<u>35,518.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,339,895.54)
Fund Balance (Deficit) - Beginning	<u>2,933,946.44</u>
Fund Balance (Deficit) - Ending	\$ <u><u>1,594,050.90</u></u>
<u>Recapitulation of Fund Balance at June 30, 2018:</u>	
Reserve for Encumbrances - Local Share (B-1)	\$ -
Unreserved - Undesignated (Deficit)	<u>1,594,050.90</u>
Total Fund Balance - Budgetary Basis	1,594,050.90
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on GAAP Basis	<u>-</u>
Total Fund Balance (Deficit) per Governmental Funds (GAAP)	\$ <u><u>1,594,050.90</u></u>

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
CRANFORD HIGH SCHOOL - DECEMBER 2009 REFERENDUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 730,060.00	\$	\$ 730,060.00	\$ 730,060.00
Bond Proceeds and Transfers	<u>1,613,661.00</u>		<u>1,613,661.00</u>	<u>1,613,661.00</u>
Total Revenues and Other Financing Sources	<u>2,343,721.00</u>		<u>2,343,721.00</u>	<u>2,343,721.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	232,448.38		232,448.38	232,448.38
Construction Services	1,602,000.00		1,602,000.00	1,602,000.00
Transfer to Debt Service Fund	<u>509,272.62</u>		<u>509,272.62</u>	<u>509,272.62</u>
Total Expenditures and Other Financing Uses	<u>2,343,721.00</u>		<u>2,343,721.00</u>	<u>2,343,721.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$	\$	\$	\$

Additional Project Information:

Project Number	0980-030-09-1001
Grant Date	1/22/10
Bond Authorization Date	12/8/09
Bonds Authorized	\$1,613,661.00
Bonds Issued	\$1,613,661.00
Original Authorized Cost	\$2,689,435.00
Additional Authorized Cost	N/A
Final Authorized Cost	\$1,834,448.38

Percentage Increase over Original

Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/11
Revised Target Completion Date	6/30/15

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HILLSIDE AVENUE ELEMENTARY SCHOOL - DECEMBER 2009 REFERENDUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 934,892.90	\$	\$ 934,892.90	\$ 934,892.90
Bond Proceeds and Transfers	<u>1,939,889.00</u>		<u>1,939,889.00</u>	<u>1,939,889.00</u>
Total Revenues and Other Financing Sources	<u>2,874,781.90</u>		<u>2,874,781.90</u>	<u>2,874,781.90</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	292,530.36		292,530.36	292,530.36
Construction Services	2,059,767.05		2,059,767.05	2,059,767.05
Transfer to Debt Service Fund	<u>522,484.49</u>		<u>522,484.49</u>	<u>522,484.49</u>
Total Expenditures and Other Financing Uses	<u>2,874,781.90</u>		<u>2,874,781.90</u>	<u>2,874,781.90</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Additional Project Information:

Project Number	0980-033-09-1002
Grant Date	1/22/10
Bond Authorization Date	12/8/09
Bonds Authorized	\$1,939,889.00
Bonds Issued	\$1,939,889.00
Original Authorized Cost	\$3,233,148.00
Additional Authorized Cost	N/A
Final Authorized Cost	\$2,352,297.41

Percentage Increase over Original

Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/11
Revised Target Completion Date	6/30/15

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
ORANGE AVENUE ELEMENTARY SCHOOL - DECEMBER 2009 REFERENDUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 902,320.38	\$	\$ 902,320.38	\$ 902,320.38
Bond Proceeds and Transfers	<u>1,939,889.00</u>		<u>1,939,889.00</u>	<u>1,939,889.00</u>
Total Revenues and Other Financing Sources	<u>2,842,209.38</u>		<u>2,842,209.38</u>	<u>2,842,209.38</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	293,904.84		293,904.84	293,904.84
Construction Services	1,984,185.29		1,984,185.29	1,984,185.29
Transfer to Debt Service Fund	<u>564,119.25</u>		<u>564,119.25</u>	<u>564,119.25</u>
Total Expenditures and Other Financing Uses	<u>2,842,209.38</u>		<u>2,842,209.38</u>	<u>2,842,209.38</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

Additional Project Information:

Project Number	0980-037-09-1003
Grant Date	1/22/10
Bond Authorization Date	12/8/09
Bonds Authorized	\$1,939,889.00
Bonds Issued	\$1,939,889.00
Original Authorized Cost	\$3,233,148.00
Additional Authorized Cost	N/A
Final Authorized Cost	\$2,278,090.13

Percentage Increase over Original

Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/11
Revised Target Completion Date	6/30/15

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
BLOOMINGDALE AVENUE ELEMENTARY SCHOOL - DECEMBER 2009 REFERENDUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 740,276.08	\$	\$ 740,276.08	\$ 740,276.08
Bond Proceeds and Transfers	1,512,482.00		1,512,482.00	1,512,482.00
Total Revenues and Other Financing Sources	2,252,758.08		2,252,758.08	2,252,758.08
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	208,088.36		208,088.36	208,088.36
Construction Services	1,651,317.00		1,651,317.00	1,651,317.00
Transfer to Debt Service Fund	393,352.72		393,352.72	393,352.72
Total Expenditures and Other Financing Uses	2,252,758.08		2,252,758.08	2,252,758.08
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$	\$	\$	\$

Additional Project Information:

Project Number	0980-040-09-1004
Grant Date	1/22/10
Bond Authorization Date	12/8/09
Bonds Authorized	\$1,512,482.00
Bonds Issued	\$1,512,482.00
Original Authorized Cost	\$2,520,803.00
Additional Authorized Cost	N/A
Revised Authorized Cost	\$1,859,405.36

Percentage Increase over Original

Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/11
Revised Target Completion Date	6/30/16

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
BROOKSIDE PLACE ELEMENTARY SCHOOL - DECEMBER 2009 REFERENDUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,358,460.00	\$ (677,369.66)	\$ 681,090.34	\$ 681,090.34
Bond Proceeds and Transfers	<u>2,037,691.00</u>		<u>2,037,691.00</u>	<u>2,037,691.00</u>
Total Revenues and Other Financing Sources	<u>3,396,151.00</u>	<u>(677,369.66)</u>	<u>2,718,781.34</u>	<u>2,718,781.34</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	241,151.16		241,151.16	241,151.16
Construction Services	<u>1,746,704.46</u>	<u>35,518.00</u>	<u>1,782,222.46</u>	<u>1,782,222.46</u>
Total Expenditures and Other Financing Uses	<u>1,987,855.62</u>	<u>35,518.00</u>	<u>2,023,373.62</u>	<u>2,023,373.62</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 1,408,295.38</u>	<u>\$ (712,887.66)</u>	<u>\$ 695,407.72</u>	<u>\$ 695,407.72</u>

Additional Project Information:

Project Number	0980-040-09-1005
Grant Date	1/22/10
Bond Authorization Date	12/8/09
Bonds Authorized	\$2,037,691.00
Bonds Issued	\$2,037,691.00
Original Authorized Cost	\$3,396,151.00
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A

Percentage Increase over Original

Authorized Cost	N/A
Percentage Completion	74%
Original Target Completion Date	12/31/11
Revised Target Completion Date	6/30/19

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
LIVINGSTON AVENUE ELEMENTARY SCHOOL - DECEMBER 2009 REFERENDUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 196,560.00	\$	\$ 196,560.00	\$ 196,560.00
Bond Proceeds and Transfers	<u>532,027.14</u>		<u>532,027.14</u>	<u>532,027.14</u>
Total Revenues and Other Financing Sources	<u>728,587.14</u>		<u>728,587.14</u>	<u>728,587.14</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	78,745.30		78,745.30	78,745.30
Construction Services	415,800.00		415,800.00	415,800.00
Transfer to Debt Service Fund	<u>234,041.84</u>		<u>234,041.84</u>	<u>234,041.84</u>
Total Expenditures and Other Financing Uses	<u>728,587.14</u>		<u>728,587.14</u>	<u>728,587.14</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Additional Project Information:

Project Number	0980-080-09-1007
Grant Date	1/22/10
Bond Authorization Date	12/8/09
Bonds Authorized	\$545,842.00
Bonds Issued	\$545,079.00
Original Authorized Cost	\$909,736.00
Additional Authorized Cost	N/A
Final Authorized Cost	\$494,545.30

Percentage Increase over Original

Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/11
Revised Target Completion Date	6/30/15

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
WALNUT AVENUE ELEMENTARY SCHOOL - DECEMBER 2009 REFERENDUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,198,149.00	\$ (627,007.88)	\$ 571,141.12	\$ 571,141.12
Bond Proceeds and Transfers	<u>1,797,224.00</u>		<u>1,797,224.00</u>	<u>1,797,224.00</u>
Total Revenues and Other Financing Sources	<u>2,995,373.00</u>	<u>(627,007.88)</u>	<u>2,368,365.12</u>	<u>2,368,365.12</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	222,252.23		222,252.23	222,252.23
Construction Services	<u>1,247,469.71</u>		<u>1,247,469.71</u>	<u>1,247,469.71</u>
Total Expenditures and Other Financing Uses	<u>1,469,721.94</u>	<u>-</u>	<u>1,469,721.94</u>	<u>1,469,721.94</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 1,525,651.06</u>	<u>\$ (627,007.88)</u>	<u>\$ 898,643.18</u>	<u>\$ 898,643.18</u>
Additional Project Information:				
Project Number	0980-110-09-1008			
Grant Date	1/22/10			
Bond Authorization Date	12/8/09			
Bonds Authorized	\$1,797,224.00			
Bonds Issued	\$1,797,224.00			
Original Authorized Cost	\$2,995,373.00			
Additional Authorized Cost	N/A			
Revised Authorized Cost	N/A			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	62%			
Original Target Completion Date	12/31/11			
Revised Target Completion Date	6/30/19			

CRANFORD PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
LINCOLN AVENUE SCHOOL - DECEMBER 2009 REFERENDUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 401,390.00	\$	\$ 401,390.00	\$ 401,390.00
Bond Proceeds and Transfers	<u>615,136.86</u>		<u>615,136.86</u>	<u>615,136.86</u>
Total Revenues and Other Financing Sources	<u>1,016,526.86</u>		<u>1,016,526.86</u>	<u>1,016,526.86</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	98,383.59		98,383.59	98,383.59
Construction Services	915,154.41		915,154.41	915,154.41
Transfer to Debt Service Fund	<u>2,988.86</u>		<u>2,988.86</u>	<u>2,988.86</u>
Total Expenditures and Other Financing Uses	<u>1,016,526.86</u>		<u>1,016,526.86</u>	<u>1,016,526.86</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Additional Project Information:

Project Number	0980-X02-09-1006
Grant Date	1/22/10
Bond Authorization Date	12/8/09
Bonds Authorized	\$602,085.00
Bonds Issued	\$602,085.00
Original Authorized Cost	\$1,003,475.00
Additional Authorized Cost	N/A
Final Authorized Cost	\$1,013,538.00

Percentage Increase over Original

Authorized Cost	1.0%
Percentage Completion	100%
Original Target Completion Date	12/31/11
Revised Target Completion Date	6/30/15

PROPRIETARY FUNDS

SECTION – G

ENTERPRISE FUND

CRANFORD PUBLIC SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 ENTERPRISE FUNDS
 FOOD SERVICE
AS OF JUNE 30, 2018

	FOOD SERVICE - ENTERPRISE FUND	TOTALS
Assets:		
Cash and Cash Equivalents	\$ 39,039.34	\$ 39,039.34
Accounts Receivable:		
Other	586.45	
Inventories	<u>16,861.27</u>	<u>16,861.27</u>
Total Current Assets	<u>56,487.06</u>	<u>55,900.61</u>
Noncurrent Assets:		
Fixed Assets:		
Equipment	241,803.35	241,803.35
Accumulated Depreciation	<u>(235,747.82)</u>	<u>(235,747.82)</u>
Total Noncurrent Assets	<u>6,055.53</u>	<u>6,055.53</u>
Total Assets	<u>\$ 62,542.59</u>	<u>\$ 61,956.14</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	52,813.85	52,813.85
Deferred Revenue	<u>11,594.99</u>	<u>11,594.99</u>
Total Current Liabilities	<u>64,408.84</u>	<u>64,408.84</u>
Total Liabilities	<u>\$ 64,408.84</u>	<u>\$ 64,408.84</u>
Net Assets:		
Investment in Capital Assets -		
Net of Related Debt	6,055.53	6,055.53
Unrestricted (Deficit)	<u>(7,921.78)</u>	<u>(7,921.78)</u>
Total Net Assets	<u>\$ (1,866.25)</u>	<u>\$ (1,866.25)</u>

CRANFORD PUBLIC SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 ENTERPRISE FUNDS
 FOOD SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	FOOD SERVICE - ENTERPRISE FUND	TOTALS
Operating Revenues:		
Charges for Daily Services:	\$ 902,410.15	\$ 902,410.15
Total Operating Revenues	<u>902,410.15</u>	<u>902,410.15</u>
Operating Expenses:		
Purchased Property Services	57,449.05	57,449.05
Other Purchased Services	844,386.35	844,386.35
Depreciation	<u>3,307.33</u>	<u>3,307.33</u>
Total Operating Expenses	<u>905,142.73</u>	<u>905,142.73</u>
Operating Income (Loss)	<u>(2,732.58)</u>	<u>(2,732.58)</u>
Nonoperating Revenues:		
Interest Revenue	<u>739.75</u>	<u>739.75</u>
Total Non-Operating Revenues	\$ <u>739.75</u>	\$ <u>739.75</u>
Net Income (Loss) before Operating Transfers	<u>(1,992.83)</u>	<u>(1,992.83)</u>
Change in Net Assets	(1,992.83)	(1,992.83)
Total Net Assets - Beginning	<u>126.58</u>	<u>126.58</u>
Total Net Assets - Ending	\$ <u><u>(1,866.25)</u></u>	\$ <u><u>(1,866.25)</u></u>

CRANFORD PUBLIC SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 ENTERPRISE FUNDS
 FOOD SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	FOOD SERVICE - ENTERPRISE FUND	Total Enterprise Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 906,994.57	\$ 906,994.57
Cash Payments to Suppliers for Goods and Services	<u>(911,691.95)</u>	<u>(911,691.95)</u>
Net Cash Provided by Operating Activities	<u>(4,697.38)</u>	<u>(4,697.38)</u>
Cash Flows from Investing Activities:		
Interest on Deposits	<u>739.75</u>	<u>739.75</u>
Net Cash Provided by Investing Activities	<u>739.75</u>	<u>739.75</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,957.63)	(3,957.63)
Cash and Cash Equivalents at Beginning of Year	<u>42,996.97</u>	<u>42,996.97</u>
Cash and Cash Equivalents at End of Year	<u>\$ 39,039.34</u>	<u>\$ 39,039.34</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (2,732.58)	\$ (2,732.58)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Income:		
Depreciation Expense	3,307.33	3,307.33
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(315.85)	(315.85)
(Increase) Decrease in Inventory	(3,484.25)	(3,484.25)
Increase (Decrease) in Accounts Payable	(6,372.30)	(6,372.30)
Increase (Decrease) in Deferred Revenue	<u>4,900.27</u>	<u>4,900.27</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,697.38)</u>	<u>\$ (4,697.38)</u>

INTERNAL SERVICE FUND

FIDUCIARY FUNDS

SECTION - H

CRANFORD PUBLIC SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>TRUST FUND</u> <u>UNEMPLOYMENT</u> <u>COMPENSATION</u> <u>TRUST</u>	<u>AGENCY FUND</u> <u>STUDENT</u> <u>ACTIVITY</u>	<u>PAYROLL</u>	<u>TOTALS</u> <u>2018</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 58,258.13	\$ 271,100.09	\$ 1,457,364.60	\$ 1,786,722.82
Accounts Receivable	<u>20,520.88</u>			<u>20,520.88</u>
Total Assets	<u>\$ 78,779.01</u>	<u>\$ 271,100.09</u>	<u>\$ 1,457,364.60</u>	<u>\$ 1,807,243.70</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 2,750.20	\$	\$	\$ 2,750.20
Payroll Deductions and Withholdings			352,822.50	352,822.50
Accrued Salaries and Wages			1,104,542.10	1,104,542.10
Due to Student Groups		<u>271,100.09</u>		<u>271,100.09</u>
Total Liabilities	<u>2,750.20</u>	<u>271,100.09</u>	<u>1,457,364.60</u>	<u>1,731,214.89</u>
Net Assets:				
Held in Trust for Unemployment Claims and Other Purposes	<u>76,028.81</u>			<u>76,028.81</u>
Total Fund Balances	<u>76,028.81</u>			<u>76,028.81</u>
Total Liabilities and Fund Balances	<u>\$ 78,779.01</u>	<u>\$ 271,100.09</u>	<u>\$ 1,457,364.60</u>	<u>\$ 1,807,243.70</u>

CRANFORD PUBLIC SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ <u>62,987.20</u>
Total Contributions	<u>62,987.20</u>
Investment Earnings:	
Interest	<u>706.80</u>
Total investment earnings	<u>706.80</u>
Total Additions	<u>63,694.00</u>
DEDUCTIONS:	
Quarterly Contributions Reports	<u>73,903.54</u>
Total Deductions	<u>73,903.54</u>
Change in Net Assets	<u>(10,209.54)</u>
Net Assets - Beginning of the Year	<u>86,238.35</u>
Net Assets - End of the Year	<u>\$ <u>76,028.81</u></u>

CRANFORD PUBLIC SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BALANCE JUNE 30, 2017	CASH RECEIPTS	CASH DISBURSE- MENTS	BALANCE JUNE 30, 2018
<u>ELEMENTARY SCHOOLS</u>				
Orange Avenue	\$ 76,497.38	\$ 161,686.60	\$ 175,625.39	\$ 62,558.59
Hillside Avenue	79,685.99	138,856.80	140,938.55	77,604.24
Bloomington Avenue	<u>977.23</u>	<u>2,646.73</u>	<u>2,557.50</u>	<u>1,066.46</u>
Total Elementary Schools	\$ <u>157,160.60</u>	\$ <u>303,190.13</u>	\$ <u>319,121.44</u>	\$ <u>141,229.29</u>
<u>SENIOR HIGH SCHOOLS</u>				
Activities	\$ 116,773.13	\$ 319,024.85	\$ 307,136.49	\$ 128,661.49
Athletics		72,235.01	72,235.01	
Alternative Program	<u>1,315.93</u>	<u>7,759.38</u>	<u>7,866.00</u>	<u>1,209.31</u>
Total Senior High Schools	\$ <u>118,089.06</u>	\$ <u>399,019.24</u>	\$ <u>387,237.50</u>	\$ <u>129,870.80</u>
Total All Schools	\$ <u>275,249.66</u>	\$ <u>702,209.37</u>	\$ <u>706,358.94</u>	\$ <u>271,100.09</u>

CRANFORD PUBLIC SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JUNE 30, 2017</u>	<u>RECEIPTS/</u> <u>INCREASES</u>	<u>DISBURSEMENTS/</u> <u>DECREASES</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,066,319.69	\$ 45,866,073.66	\$ 45,475,028.75	\$ 1,457,364.60
Accounts Receivable	<u>167.62</u>		<u>167.62</u>	<u>-</u>
Total Assets	<u>\$ 1,066,487.31</u>	<u>\$ 45,866,073.66</u>	<u>\$ 45,475,196.37</u>	<u>\$ 1,457,364.60</u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 50,156.87	\$ 20,172,607.25	\$ 19,869,941.62	\$ 352,822.50
Net Payroll		23,779,094.81	23,779,094.81	-
Interfunds Payable		776,227.76	776,227.76	-
Refunds Payable (Contra)		33,434.12	33,434.12	
Accrued Salaries and Wages	<u>1,016,330.44</u>	<u>1,104,542.10</u>	<u>1,016,330.44</u>	<u>1,104,542.10</u>
Total Liabilities	<u>\$ 1,066,487.31</u>	<u>\$ 45,865,906.04</u>	<u>\$ 45,475,028.75</u>	<u>\$ 1,457,364.60</u>

LONG-TERM DEBT

SECTION - I

CRANFORD PUBLIC SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

ISSUE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2017	DELETIONS	BALANCE JUNE 30, 2018
2002 School Bonds	9/15/02	\$ 4,172,000.00				\$ 382,000.00	\$ 382,000.00	\$
2010 School Bonds	11/1/10	11,988,000.00	2018	\$ 540,000.00	2.250%	9,688,000.00	520,000.00	9,168,000.00
			2019	560,000.00	2.625%			
			2020	580,000.00	2.750%			
			2021	610,000.00	3.000%			
			2022	630,000.00	3.000%			
			2023	670,000.00	3.125%			
			2024	710,000.00	3.250%			
			2025	740,000.00	4.000%			
			2026	780,000.00	4.000%			
			2027	830,000.00	4.000%			
			2028	840,000.00	4.000%			
			2029	840,000.00	4.000%			
			2030	838,000.00	4.000%			
Totals						\$ 10,070,000.00	\$ 902,000.00	\$ 9,168,000.00

CRANFORD PUBLIC SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
LONG-TERM DEBT
JUNE 30, 2018

Exhibit - I-2

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2017</u>	<u>ISSUED CURRENT YEAR</u>	<u>RETIRED CURRENT YEAR</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2018</u>
Equipment - Copiers (District Wide)	Various	\$ Various	\$ 200,423.60	\$ 47,823.60	\$ 91,267.28	\$ 156,979.92 *
Equipment - Automated External Defibrillators	3.540%	89,050.00	37,488.11		18,418.10	19,070.01
Equipment - Technology Infrastructure	2.326%	332,200.00	263,111.29		63,526.80	199,584.49
			<u>\$ 501,023.00</u>	<u>\$ 47,823.60</u>	<u>\$ 173,212.18</u>	<u>\$ 375,634.42</u>

* Includes principal and interest requirements on monthly lease payments.

CRANFORD PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit 1-3

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE POSITIVE (NEGATIVE) FINAL TO ACTUAL
REVENUES					
Local Sources:					
Local Tax Levy	\$ 840,545.00	\$	\$ 840,545.00	\$ 840,545.00	\$
Total Revenues	840,545.00		840,545.00	840,545.00	
EXPENDITURES					
Regular Debt Service:					
Interest	331,900.00		331,900.00	331,897.50	2.50
Redemption of Principal	902,000.00		902,000.00	902,000.00	-
Total Regular Debt Service	1,233,900.00		1,233,900.00	1,233,897.50	2.50
Total Expenditures	1,233,900.00		1,233,900.00	1,233,897.50	2.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	(393,355.00)		(393,355.00)	(393,352.50)	2.50
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(393,355.00)		(393,355.00)	(393,352.50)	2.50
Fund Balance - July 1	393,357.93		393,357.93	393,357.93	
Fund Balance - June 30	2.93	\$	2.93	5.43	2.50

STATISTICAL SECTION

SECTION – J

Financial Trends

Cranford Public School District
Net Position/Assets by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$46,200,469.94	\$46,476,767.21	\$ 42,078,828.71	\$ 46,755,972.97	\$ 47,580,771.63	\$ 48,363,766.97	\$ 48,323,433.92	\$ 47,740,561.97	\$ 47,684,306.96	\$ 47,719,096.13
Restricted	118,113.92	(32,376.71)	8,542,657.40	6,069,457.75	5,249,697.49	4,033,464.70	4,057,374.66	3,717,548.84	2,995,874.17	2,429,708.22
Unrestricted	(2,192,119.60)	(1,619,212.08)	(1,850,179.65)	(1,671,432.79)	(1,839,398.87)	(17,719,846.34)	(17,933,121.17)	(17,778,712.46)	(19,339,205.50)	(20,610,149.72)
Total governmental activities net position/assets	\$44,126,464.26	\$44,825,178.42	\$ 48,771,306.46	\$ 51,155,997.93	\$ 50,991,070.25	\$ 34,677,385.33	\$ 34,447,687.41	\$ 33,679,398.35	\$ 31,340,975.63	\$ 29,538,654.63
Business-type activities										
Invested in capital assets, net of related debt	\$ 93,875.34	\$ 78,797.84	\$ 66,666.91	\$ 61,980.69	\$ 46,084.87	\$ 33,177.53	\$ 21,561.11	\$ 13,030.89	\$ 9,362.86	\$ 6,055.53
Unrestricted	114,827.91	90,856.34	55,873.00	6,892.33	(6,272.11)	(3,442.38)	(9,417.37)	(16,881.01)	(9,236.28)	(7,921.78)
Total business-type activities net position/assets	\$ 208,703.25	\$ 169,654.18	\$ 122,539.91	\$ 68,873.02	\$ 39,812.76	\$ 29,735.15	\$ 12,143.74	\$ (3,850.12)	\$ 126.58	\$ (1,866.25)
District-wide										
Invested in capital assets, net of related debt	\$46,294,345.28	\$46,555,565.05	\$ 42,145,405.62	\$ 46,817,953.66	\$ 47,626,856.50	\$ 48,396,944.50	\$ 48,344,995.03	\$ 47,763,592.86	\$ 47,693,669.82	\$ 47,725,151.66
Restricted	118,113.92	(32,376.71)	8,542,657.40	6,069,457.75	5,249,697.49	4,033,464.70	4,057,374.66	3,717,548.84	2,995,874.17	2,429,708.22
Unrestricted	(2,077,291.69)	(1,528,355.74)	(1,794,306.65)	(1,664,540.46)	(1,845,670.98)	(17,723,288.72)	(17,942,538.54)	(17,795,593.47)	(19,348,441.78)	(20,618,071.50)
Total district net position/assets	\$44,335,167.51	\$44,994,832.60	\$ 48,893,846.37	\$ 51,222,870.95	\$ 51,030,883.01	\$ 34,707,120.48	\$ 34,459,831.15	\$ 33,675,548.23	\$ 31,341,102.21	\$ 29,536,788.38

Note: Reflects Implementation of GASB 68 for 2014 and subsequent years

Source: District records(A-1)

Cranford School District
Changes in Net Position/Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 17,468,570.13	\$ 17,806,421.61	\$ 17,652,317.09	\$ 18,082,518.97	\$ 17,718,659.46	\$ 18,098,670.81	\$ 18,090,667.80	\$ 18,543,400.80	\$ 18,565,855.80	\$ 18,814,158.13
Special education	5,760,933.35	6,028,485.93	5,799,060.31	6,130,645.84	6,425,432.37	6,826,194.51	7,066,476.29	7,276,759.81	7,506,295.84	7,792,599.73
Other special instruction	300,568.16	454,653.90	557,189.82	586,876.34	594,031.25	649,676.04	550,785.70	613,849.23	602,629.53	658,954.22
Other instruction	1,325,040.70	1,573,488.23	1,113,855.45	1,151,697.34	1,217,554.83	1,288,014.35	1,251,106.96	1,307,969.30	1,284,118.38	1,318,967.29
Support Services:										
Tuition	2,056,291.07	2,226,259.35	2,241,385.31	2,400,150.61	2,406,520.59	2,367,775.92	2,496,327.70	2,500,476.95	3,110,579.22	4,079,169.11
Student & instruction related services	6,204,579.28	6,324,613.33	5,852,037.18	6,029,088.86	6,969,451.82	6,729,074.88	6,707,037.37	6,849,663.73	7,122,028.49	7,247,410.74
General administration	943,244.21	867,520.94	851,659.67	765,879.18	719,833.51	807,249.52	834,483.57	794,006.63	771,353.93	855,517.48
School administrative services	2,661,708.55	2,615,055.51	2,593,571.71	2,731,754.26	2,761,069.92	2,793,847.00	2,718,688.69	2,769,743.60	2,878,915.32	2,898,156.49
Central services	730,532.78	703,057.09	762,285.74	803,924.81	760,040.23	734,881.85	750,114.01	758,988.75	856,191.78	902,248.59
Administrative information technology	183,439.28	191,616.52	136,151.07	192,856.88	265,381.67	269,263.87	283,069.98	289,703.58	308,088.53	311,382.89
Plant operations and maintenance	4,645,676.06	4,743,435.83	4,480,373.94	4,599,055.82	4,863,863.73	5,730,929.57	5,514,704.81	5,550,161.59	5,687,367.86	5,733,119.69
Pupil transportation	1,437,594.93	1,367,157.97	1,113,284.21	1,090,840.52	1,325,804.65	1,330,059.43	1,286,174.57	1,337,024.11	1,485,522.75	1,542,601.66
Unallocated benefits	10,799,639.09	12,034,587.96	12,249,170.95	13,633,867.04	15,977,093.50	15,730,743.24	17,432,392.44	19,000,752.54	34,443,135.15	36,584,783.80
Special schools	111,575.20	207.40								
Interest on long-term debt	105,964.01	97,259.38	150,887.61	634,066.92	438,847.50	419,078.33	397,982.92	375,593.75	351,437.50	325,599.16
Unallocated depreciation and amortization	82,080.76	43,618.76	27,048.34	26,816.15	26,816.15	23,818.43	38,663.37	40,561.61	59,042.26	31,920.19
Total governmental activities expenses	54,797,437.56	57,077,479.73	55,380,478.40	58,860,039.54	62,470,401.18	63,799,279.75	65,418,675.98	68,008,655.98	85,032,562.34	88,576,589.17
Business-type activities:										
Food service	845,492.34	794,575.27	776,666.29	757,730.85	682,680.65	668,532.58	699,127.20	776,270.26	863,681.75	905,142.73
Cranford School District Academy (CSDA)	46,770.80	49,011.71	26,971.72	12,825.00						
Total business-type activities expense	892,263.14	843,586.98	803,638.01	770,555.85	682,680.65	668,532.58	699,127.20	776,270.26	863,681.75	905,142.73
Total district expenses	\$ 55,689,700.70	\$ 57,921,066.69	\$ 56,384,116.41	\$ 59,630,595.39	\$ 63,153,081.83	\$ 64,467,812.33	\$ 66,117,803.18	\$ 68,784,926.24	\$ 85,896,244.09	\$ 89,481,731.90
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 3,626,570.25	\$ 3,792,921.55	\$ 6,465,934.57	\$ 7,534,791.97	\$ 9,805,667.73	\$ 9,053,578.20	\$ 10,246,099.69	\$ 10,807,575.05	\$ 24,544,381.26	\$ 26,890,249.08
Total governmental activities program revenues	3,626,570.25	3,792,921.55	6,465,934.57	7,534,791.97	9,805,667.73	9,053,578.20	10,246,099.69	10,807,575.05	24,544,381.26	26,890,249.08
Business-type activities:										
Charges for services										
Food service	677,979.18	646,893.60	599,883.06	590,482.68	541,295.89	533,885.21	681,423.36	760,043.35	867,311.99	902,410.15
Cranford School District Academy (CSDA)	169,566.59	157,249.57	156,491.55	126,406.28	112,324.50	124,339.82				
Operating grants and contributions	847,545.77	804,143.17	756,374.61	716,888.96	653,620.39	658,225.03	681,423.36	760,043.35	867,311.99	902,410.15
Total business type activities program revenues	847,545.77	804,143.17	756,374.61	716,888.96	653,620.39	658,225.03	681,423.36	760,043.35	867,311.99	902,410.15
Total district program revenues	\$ 4,474,116.02	\$ 4,597,064.72	\$ 7,222,309.18	\$ 8,251,680.93	\$ 10,459,288.12	\$ 9,711,803.23	\$ 10,927,523.05	\$ 11,567,618.40	\$ 25,411,693.25	\$ 27,792,659.23

Cranford School District
Changes in Net Position/Assets
Last Ten Fiscal Years
(factual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental activities	\$ (51,170,867.31)	\$ (53,284,558.16)	\$ (49,114,543.83)	\$ (51,325,247.57)	\$ (52,664,733.45)	\$ (54,745,701.55)	\$ (55,172,576.29)	\$ (57,201,080.93)	\$ (60,488,181.08)	\$ (61,686,340.09)
Business-type activities	(44,717.37)	(39,443.81)	(47,263.40)	(53,666.89)	(29,060.26)	(10,307.55)	(17,703.84)	(16,226.91)	3,630.18	(2,732.38)
Total district-wide net expense	\$ (51,215,584.68)	\$ (53,324,001.97)	\$ (49,161,807.23)	\$ (51,378,914.46)	\$ (52,693,793.71)	\$ (54,756,009.10)	\$ (55,190,280.13)	\$ (57,217,307.84)	\$ (60,484,550.90)	\$ (61,689,072.67)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 42,965,510.00	\$ 44,780,105.00	\$ 46,233,915.00	\$ 46,806,452.00	\$ 47,509,629.00	\$ 48,459,822.00	\$ 49,976,307.00	\$ 51,962,474.00	\$ 53,971,870.00	\$ 55,279,312.00
Taxes levied for debt service	358,370.00	275,880.00	360,914.00	921,875.00	1,163,224.00	1,178,852.00	1,193,078.00	462,703.00	132,770.00	840,545.00
Federal and State aid not restricted	3,447,503.20	3,565,296.00	8,914.00	847.09	73,472.80	36,696.00	111.82		10,157.51	6,922.69
Federal and State aid restricted	1,219,813.82	1,992,169.80	2,930,244.30	2,397,112.94	171,260.13	127,566.15				
Tuition Received	2,865,802.59	3,117,970.09	3,174,520.69	3,289,193.81	3,368,207.44	3,318,725.17	3,626,219.24	3,860,792.91	3,876,090.78	3,564,901.64
Investment earnings	31,818.76	12,474.72	9,492.85	2,949.10	1,303.11	70.25	30.91	21,803.70	31,420.52	29,827.15
Miscellaneous income	180,631.18	155,861.68	142,671.03	128,831.06	160,759.29	163,571.57	219,834.97	152,825.11	134,350.18	282,728.21
Special Item(s)-Insurance Reimbursement				16,678.04						
Special Item(s)-Closeout of SIDA Grants										
Special Item(s)-Disposal of assets							(72,903.57)	(27,806.85)	(6,900.63)	(110,500.42)
Total governmental activities	\$ 1,069,449.55	\$ 53,899,757.29	\$ 53,060,671.87	\$ 53,761,939.04	\$ 52,447,805.77	\$ 53,285,297.14	\$ 54,942,878.37	\$ 56,432,791.87	\$ 58,149,758.36	\$ 59,884,019.09
Business-type activities:										
Federal and State aid restricted			149.13			229.94	112.43	233.05	346.52	739.75
Investment earnings	785.53	394.74	149.13			229.94	112.43	233.05	346.52	739.75
Total business-type activities										
Total district-wide	\$ 51,070,235.08	\$ 53,900,152.03	\$ 53,060,821.00	\$ 53,761,939.04	\$ 52,447,805.77	\$ 53,285,527.08	\$ 54,942,990.80	\$ 56,433,024.92	\$ 58,150,104.88	\$ 59,884,758.84
Change in Net Position/Assets										
Governmental activities	\$ (101,417.76)	\$ 615,199.13	\$ 3,946,128.04	\$ 2,436,691.47	\$ (216,927.68)	\$ (1,460,404.41)	\$ (229,697.92)	\$ (768,289.06)	\$ (2,338,422.72)	\$ (1,802,321.00)
Business-type activities	(43,931.84)	(39,049.07)	(47,114.27)	(53,666.89)	(29,060.26)	(10,077.61)	(17,591.41)	(15,993.86)	3,976.70	(1,992.93)
Total district	\$ (145,349.60)	\$ 576,150.06	\$ 3,899,013.77	\$ 2,383,024.58	\$ (245,987.94)	\$ (1,470,482.02)	\$ (247,289.33)	\$ (784,282.92)	\$ (2,334,446.02)	\$ (1,804,313.93)

Source: District records (A-2)

Notes:

Reflects Implementation of GASB 68 for 2014 and subsequent years
Reflects Implementation of GASB 75 for 2018 and subsequent years

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 488,060.85	\$ 608,044.95								
Unreserved	612,226.98	850,688.71								
Total general fund	\$ 1,100,287.83	\$ 1,458,733.66								
All Other Governmental Funds										
Reserved	\$ 91,480.00	\$ 709,160.00								
Unreserved, reported in:										
Capital Projects Fund	7,553.26	(964,580.71)								
Debt Service Fund	0.81	0.05								
Total all other governmental funds	\$ 99,034.07	\$ (255,420.66)								
Governmental Funds:										
Restricted For:										
Excess Surplus - Current Year			1,204,341.84	441,522.60				50,454.96	20,863.58	
Excess Surplus - Prior Year - Designated										
For Subsequent Year Expenditures			70,184.96	1,204,341.84	441,522.60	1.00	1.00	1.00	50,454.96	20,863.58
Capital Reserve Account			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Committed For:										
Year-End Encumbrances			422,175.89	408,916.98	587,169.36	29,843.42	82,402.88	112,308.13	179,573.34	173,483.89
General Fund			4,961,303.30	321,827.06	47,917.28					
Capital Projects Fund										
Assigned To:										
General Fund - Designated			341,463.04	813,627.16	1,032,759.40	736,000.00	743,317.00	1,421,360.00	1,004,909.04	641,306.42
For Subsequent Year Expenditures			1.04	3.65	5.15	4.65	1,089,595.21	393,355.43	2.93	2.43
Debt Service Fund			2,306,826.26	4,101,762.60	4,173,082.10	4,003,615.63	2,142,058.57	1,740,069.32	1,740,069.32	1,594,050.90
Capital Projects Fund										
Unassigned:										
General Fund			519,862.70	449,039.49	(254,138.86)	(493,406.29)	296,979.22	520,959.39	563,413.36	55,263.94
Total Fund Balances			\$9,826,160.03	\$7,741,042.38	\$6,028,318.03	\$4,276,038.41	\$4,354,353.88	\$4,238,508.23	\$3,559,287.53	\$2,484,972.16

Source: CAFR Schedule B-1

Note: For Years Commencing With The 2010-2011 School Year, The Provisions of GASB Statement No. 54 Were Applicable.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 43,323,880.00	\$ 45,055,983.00	\$ 46,594,829.00	\$ 47,728,327.00	\$ 48,672,833.00	\$ 49,638,674.00	\$ 51,169,585.00	\$ 52,425,177.00	\$ 54,104,640.00	\$ 56,119,857.00
Tuition charges	2,865,802.59	3,117,970.09	3,374,520.69	3,289,193.81	3,368,207.44	3,318,725.17	3,626,219.24	3,860,792.91	3,876,090.78	3,564,901.64
Miscellaneous	212,449.94	168,336.40	152,163.88	129,780.16	162,062.40	163,641.49	219,865.88	174,628.81	165,770.70	312,555.96
Local sources	67,214.21	50,111.23	32,370.09	45,269.46	36,859.98	13,133.71	12,054.30	52,943.78	106,732.26	60,924.58
State sources	8,073,190.82	7,690,888.62	7,919,723.26	8,848,004.82	8,783,905.00	8,205,259.79	8,836,416.53	9,685,201.59	10,488,235.78	12,067,782.64
Federal sources	153,482.24	1,609,387.50	1,452,999.52	1,239,477.72	1,229,585.68	999,441.18	1,041,207.68	1,069,429.68	1,058,689.73	1,026,393.75
Total revenue	54,696,019.80	57,692,678.84	59,526,606.44	61,280,052.97	62,253,473.50	62,338,875.34	64,905,348.63	67,268,173.77	69,800,179.25	73,152,415.37
Expenditures										
Instruction										
Regular Instruction	17,316,995.34	17,780,443.43	17,471,802.61	17,856,645.04	17,743,056.11	17,999,945.34	18,133,809.04	18,510,143.80	18,693,429.72	18,851,218.11
Special education instruction	5,722,873.57	6,093,482.75	5,787,533.81	6,105,820.17	6,388,921.11	6,835,188.61	7,020,006.64	7,323,228.16	7,430,588.10	7,264,012.82
Other special instruction	300,568.16	454,653.90	551,426.78	586,876.34	594,031.25	649,676.04	550,785.70	613,849.23	602,629.53	658,954.22
Other instruction	1,281,392.53	1,552,570.40	1,110,420.45	1,121,443.92	1,182,189.09	1,247,316.48	1,214,319.47	1,273,233.86	1,266,312.32	1,278,676.47
Support Services:										
Tuition	2,036,291.07	2,226,259.35	2,241,395.31	2,400,150.61	2,406,520.59	2,367,775.92	2,496,327.70	2,500,476.95	3,110,579.22	4,079,169.11
Student & inst. related services	6,117,534.28	6,374,057.33	5,848,567.18	6,013,083.86	6,971,990.82	6,731,910.88	6,716,773.29	6,851,377.10	7,182,971.18	7,228,084.77
General administration	960,686.21	869,417.94	851,659.67	702,933.45	719,833.51	730,190.44	805,105.40	818,167.60	756,809.82	785,880.54
School administrative services	2,612,116.26	2,694,221.72	2,664,712.37	2,698,257.14	2,766,153.88	2,777,090.23	2,765,974.13	2,779,113.76	2,899,575.56	2,902,947.53
Central services	704,608.87	708,624.39	751,723.76	803,924.81	765,014.58	734,881.85	750,114.01	758,988.75	856,191.78	902,248.59
Admin. information technology	183,439.28	191,616.52	136,151.07	197,856.88	265,381.67	269,263.87	283,069.98	289,703.58	308,088.53	311,382.89
Plant operations and maintenance	4,425,574.18	4,510,223.09	4,287,348.70	4,337,711.17	5,133,156.17	4,757,216.89	4,563,850.42	4,597,663.19	4,682,211.37	4,751,826.64
Pupil transportation	1,437,016.93	1,365,223.67	1,181,660.96	1,134,938.56	1,322,037.50	1,328,330.44	1,275,632.94	1,328,477.07	1,474,315.48	1,538,903.90
Employee benefits	10,799,639.09	12,034,587.96	12,249,170.95	13,633,967.04	15,977,093.50	15,730,745.24	16,815,571.44	18,483,078.54	19,870,026.15	22,180,886.80
Special schools	111,575.20	207.40								
Capital outlay	419,854.80	562,404.53	7,938,365.10	4,931,223.84	1,112,208.20	877,381.78	487,225.50	143,056.33	485,332.29	195,964.03
Debt service:										
Principal	250,000.00	260,000.00	270,000.00	285,000.00	720,000.00	755,000.00	790,000.00	825,000.00	865,000.00	902,000.00
Interest and other charges	108,370.26	99,858.76	90,915.01	636,872.39	443,222.50	423,852.50	403,077.50	381,017.50	357,362.50	331,897.50
Total expenditures	54,788,636.03	57,778,853.14	63,362,853.73	63,441,705.22	64,510,810.48	64,215,766.51	65,071,443.16	67,476,573.42	70,841,423.55	74,164,053.92
Excess (Deficiency) of revenues over (under) expenditures	(92,616.23)	(86,174.30)	(3,836,247.29)	(2,161,652.25)	(2,257,336.98)	(1,876,891.17)	(166,094.53)	(208,401.65)	(1,041,244.30)	(1,011,638.55)
Other Financing sources (uses)										
Proceeds from bond sale			11,988,000.00							
Insurance Recovery Related to Other Costs:										
Super Storm Sandy					144,803.00					
Hurricane Irene					333,010.86					
Capital leases (non-budgeted)					66,798.77					
Closesout of 2009 SDA Grants						124,631.51	244,390.00	92,556.00	362,023.60	47,823.60
Total other financing sources (uses)	343,884.00	90,165.40	12,459,094.22	76,434.60	544,612.63	124,631.51	244,390.00	92,556.00	362,023.60	(110,500.42)
Net change in fund balances	\$ 251,267.77	\$ 3,991.10	\$ 8,622,847.03	\$ (2,085,217.65)	\$ (1,712,724.35)	\$ (1,752,259.66)	\$ 78,295.47	\$ (115,843.65)	\$ (679,220.70)	\$ (1,074,315.37)
Debt service as a percentage of noncapital expenditures	0.66%	0.63%	0.65%	1.58%	1.83%	1.86%	1.85%	1.79%	1.74%	1.67%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ending June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Admissions</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Annual Totals</u>
2009	2,865,802.59	31,818.76	15,914.00	33,339.00	131,378.18	3,078,252.53
2010	3,117,970.09	12,474.72	14,199.00	28,801.50	112,861.18	3,286,306.49
2011	3,374,520.69	9,492.85	11,697.00	34,892.25	96,081.78	3,526,684.57
2012	3,289,193.81	2,949.10	21,658.00	33,265.00	71,908.06	3,418,973.97
2013	3,368,207.44	1,303.11	21,200.00	22,510.00	117,049.29	3,530,269.84
2014	3,318,725.17	70.25	16,410.00	63,935.88	83,225.36	3,482,366.66
2015	3,626,129.24	30.91	18,457.00	31,940.12	169,437.85	3,845,995.12
2016	3,860,792.91	21,803.70	17,526.00	36,559.75	98,739.36	4,035,421.72
2017	3,876,090.78	31,420.52	21,287.00	38,416.50	74,646.68	4,041,861.48
2018	3,564,901.64	79,165.87	15,997.00	42,587.75	174,805.34	3,877,457.60

Source: District records

Revenue Capacity

Cranford Public School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Business Personal Property, ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2009	\$9,188,200	\$1,354,906,500	\$105,200	\$240,213,700	\$48,142,200	\$6,151,800	\$1,658,707,600	\$3,025,102	\$1,661,732,702	\$4,341,357,824	\$2.657
2010	8,501,100	1,359,434,000	105,200	228,052,100	48,682,200	6,551,800	1,651,326,400	3,084,021	1,654,410,421	4,252,540,543	2.773
2011	7,186,500	1,359,946,100	105,200	220,479,400	48,867,200	6,556,800	1,643,141,200	3,450,208	1,646,591,408	4,133,780,302	2.881
2012	8,777,300	1,359,211,800	105,200	207,036,500	48,467,200	6,371,500	1,629,969,500	3,411,227	1,633,380,727	4,067,973,887	2.959
2013	8,165,300	1,356,874,600	105,200	212,569,900	46,354,200	6,166,500	1,630,235,700	2,982,603	1,633,218,303	3,982,200,942	3.010
2014	6,158,700	1,366,160,400	4,600	208,837,900	45,506,700	6,140,700	1,632,809,900	2,775,905	1,635,584,905	3,781,700,160	3.083
2015	6,710,000	1,358,821,400	202,100	221,903,700	45,728,000	6,140,700	1,639,505,900	2,570,536	1,642,076,436	3,855,098,315	3.132
2016	3,982,700	1,363,423,500	202,100	220,678,900	46,192,400	21,732,500	1,656,211,200	2,613,267	1,658,824,467	4,058,688,905	3.202
2017	7,050,000	1,367,533,800	207,100	210,576,300	44,730,700	22,383,700	1,652,481,600	2,540,191	1,655,021,791	4,240,302,912	3.352
2018	6,920,200	1,373,673,600	207,100	205,640,500	44,224,400	22,383,700	1,653,049,500	2,367,905	1,655,417,405	4,559,643,354	3.464

Source: Municipal Tax Assessor and Union County Abstract of Ratables

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 the County Board of Taxation requests Treasury to order a reassessment

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Cranford Public School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Unaudited
(rate per \$100 of assessed value)

Calendar Year	Cranford School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Township of		
				Cranford	Union County	
2009	\$2.636	\$0.021	\$2.657	\$1.270	\$0.918	\$4.845
2010	2.752	0.021	2.773	1.285	0.975	5.033
2011	2.825	0.056	2.881	1.317	1.065	5.263
2012	2.888	0.071	2.959	1.363	1.135	5.457
2013	2.938	0.072	3.010	1.390	1.212	5.612
2014	3.010	0.073	3.083	1.394	1.205	5.682
2015	3.104	0.028	3.132	1.413	1.256	5.801
2016	3.193	0.009	3.202	1.435	1.320	5.957
2017	3.301	0.051	3.352	1.459	1.371	6.182
2018	3.413	0.051	3.464	1.484	1.454	6.402

Source: Municipal Tax Collector and Union County Abstract of Ratables

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
b Rates for debt service are based on each year's requirements.

Cranford Public School District
Principal Property Taxpayers,
Current Year and Ten Years Ago

Taxpayer	2018				2008			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Riverfront Developers LLC	\$ 16,155,600	1	0.98%					
WP Cranford LLC	14,630,000	2	0.89%					
Commerce Drive LLC	10,242,800	3	0.62%		12,421,300	2	0.75%	
Cranford Development LLC	7,200,000	4	0.44%		9,747,800	4	0.59%	
US Real Estate Holdings LLC	6,393,100	5	0.39%					
Cranford Business Park	5,871,000	6	0.36%					
H-Cranford Credit Ltd. Partnership	5,862,000	7	0.35%		16,287,600	1	0.99%	
JRS Properties LLC	5,500,000	8	0.33%					
The Cranford Property LLC	4,500,000	9	0.27%					
Apple Seven Hospitality	4,400,000	10	0.27%					
Cranford Crossing					11,171,000	3	0.68%	
H-Cranford Credit Ltd. Partnership					8,263,800	5	0.50%	
LB 745 LLC					7,393,100	6	0.45%	
Ashley Business Park LLC					6,595,300	7	0.40%	
Bell Atlantic - New Jersey, Inc.					6,000,000	8	0.36%	
Excel-Care, Inc.					5,700,000	9	0.35%	
11 Commerce Drive Assoc.					5,700,000	10	0.35%	
Total	\$ 80,754,500		4.89%		\$ 89,279,900		5.41%	

Source: Municipal Tax Assessor

Cranford Public School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$43,323,880.00	\$43,323,880.00	100.00%	-
2010	45,055,985.00	45,055,985.00	100.00%	-
2011	46,594,829.00	46,594,829.00	100.00%	-
2012	47,728,327.00	47,728,327.00	100.00%	-
2013	48,672,853.00	48,672,853.00	100.00%	-
2014	49,638,674.00	49,638,674.00	100.00%	-
2015	51,169,585.00	51,169,585.00	100.00%	-
2016	52,425,177.00	52,425,177.00	100.00%	-
2017	54,104,640.00	54,104,640.00	100.00%	-
2018	56,119,857.00	56,119,857.00	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 Statute, 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.

Debt Capacity

Cranford Public School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Total District		
2009	\$2,852,000.00	\$743,909.80	\$3,595,909.80	1.39%	\$700.42
2010	2,592,000.00	615,654.68	3,207,654.68	1.59%	817.43
2011	14,310,000.00	730,809.84	15,040,809.84	0.35%	188.85
2012	14,025,000.00	585,122.73	14,610,122.73	0.38%	204.99
2013	13,305,000.00	437,921.79	13,742,921.79	0.40%	221.77
2014	12,550,000.00	338,204.30	12,888,204.30	0.45%	257.82
2015	11,760,000.00	375,517.17	12,135,517.17	0.50%	299.10
2016	10,935,000.00	323,742.85	11,258,742.85	0.55%	345.05
2017	10,070,000.00	501,631.10	10,571,631.10	0.60%	379.40
2018	9,168,000.00	375,634.42	9,543,634.42	N/A	N/A

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

N/A At the time of CAFR completion, this data was not yet available

Cranford Public School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2009	\$2,852,000.00		\$2,852,000.00	0.17%	\$86.04
2010	2,592,000.00		2,592,000.00	0.16%	79.94
2011	14,310,000.00		14,310,000.00	0.87%	461.35
2012	14,025,000.00		14,025,000.00	0.86%	470.57
2013	13,305,000.00		13,305,000.00	0.81%	452.34
2014	12,550,000.00		12,550,000.00	0.77%	444.92
2015	11,760,000.00		11,760,000.00	0.72%	432.61
2016	10,935,000.00		10,935,000.00	0.66%	407.44
2017	10,070,000.00		10,070,000.00	0.61%	388.28
2018	9,168,000.00		9,168,000.00	0.55%	N/A

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit J-14.

N/A At the time of CAFR completion, this data was not yet available

Cranford Public School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Cranford	\$67,066,303.10	100.00%	\$67,066,303.10
County of Union	590,143,495.53	6.47%	38,182,284.16
Subtotal, overlapping debt			105,248,587.26
Cranford School District Direct Debt			9,168,000.00
Total direct and overlapping debt			<u>\$114,416,587.26</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Union County Board of Taxation.
 Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.
 This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cranford. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Cranford Public School District
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2018:

Equalized valuation basis	
2017	\$4,539,784,615.00
2016	4,231,505,365.00
2015	3,999,770,432.00
[A]	<u>\$12,771,050,412.00</u>
Average equalized valuation of taxable property	
[A/2]	<u>\$4,257,020,137.33</u>
Debt limit (4% of average equalized value)	
[B]	<u>170,280,805.49 a</u>
Total Debt Applicable to Limit	
[C]	<u>9,168,000.00</u>
Legal Debt Margin	
[B-C]	<u>\$161,112,805.49</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$166,454,059.97	\$169,778,804.81	\$168,939,538.71	\$166,043,202.04	\$162,221,775.88	\$157,261,608.63	\$153,847,615.49	\$154,363,971.36	\$160,699,996.81	\$170,280,805.49
Total net debt applicable to limit	2,852,000.00	14,580,763.00	14,310,763.00	14,025,763.00	13,305,763.00	12,550,763.00	11,760,000.00	10,935,000.00	10,070,000.00	9,168,000.00
Legal debt margin	<u>\$163,602,059.97</u>	<u>\$155,198,041.81</u>	<u>\$154,628,775.71</u>	<u>\$152,017,439.04</u>	<u>\$148,916,012.88</u>	<u>\$144,710,845.63</u>	<u>\$142,087,615.49</u>	<u>\$143,428,971.36</u>	<u>\$150,629,996.81</u>	<u>\$161,112,805.49</u>
Total net debt applicable to the limit as a percentage of debt limit	1.71%	8.59%	8.47%	8.45%	8.20%	7.98%	7.64%	7.08%	6.27%	5.38%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey.
Department of Treasury, Division of Taxation

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

Demographic and Economic Information

Cranford Public School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2009	22,059	\$1,105,905,906	\$50,134	5.40%
2010	22,678	1,157,122,272	51,024	5.50%
2011	22,818	1,211,316,348	53,086	5.50%
2012	22,977	1,259,231,508	54,804	5.50%
2013	23,315	1,294,588,690	55,526	4.60%
2014	23,580	1,367,286,300	57,985	4.70%
2015	24,203	1,462,006,418	60,406	3.80%
2016	24,334	1,504,035,872	61,808	3.50%
2017	24,439	1,559,542,271	63,814	3.20%
2018	N/A	N/A	N/A	N/A

Source: ^a Population information provided by the US Bureau of the Census, Population Division - Estimates.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income represents County of Union provided by the Regional Economic Information System, Bureau of Economic Analysis through 2016 and estimated for 2017.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

N/A At the time of CAFR completion, this data was not yet available

Cranford Public School District
Principal Employers,
Current Year and Ten Years Ago
Unaudited

Employer	2018			2008		
	Employees *	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
Cranford Public School District	923	**	7.55%	625	3	5.12%
Union County College	750	2	6.14%	850	2	6.96%
All-State Legal Supply	350	3	2.86%	200	8	1.64%
Ascend Hospice	350	4	2.86%	400	4	3.28%
Township of Cranford	350	5	2.86%	350	5	2.87%
Cranford Health & Extended Care	250	6	2.05%	225	7	1.84%
Eli Inc.	250	7	2.05%	300	6	2.46%
Weeks Marine Inc.	250	8	2.05%	N/A	N/A	N/A
Atria Cranford	150	9	1.23%	1,250	1	10.24%
Centennial Avenue Pool	150	10	1.23%	N/A	N/A	N/A
Emes Professional Association	150	11	1.23%	N/A	N/A	N/A
Madan Plastics, Inc.	150	12	1.23%	100	10	0.82%
Paragon Computer Professionals	150	13	1.23%	N/A	N/A	N/A
Proaccess LLC	150	14	1.23%	N/A	N/A	N/A
Bank of America	N/A	N/A	N/A	150	9	1.23%
	4,373		35.79%	4,450		36.45%

* Number of employees are estimated.

** Number of Active Employees

Source: Union County Economic Development Corporation and other sources.

N/A - At the time of CAFR completion, this data was not available.

Operating Information

Cranford Public School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	237	239	247	252	250	248	243	247	245	246
Special education	119	128	109	113	122	130	134	137	130	125
Other instruction	5	7	9	10	11	11	9	10	10	10
Support Services:										
Student & instruction related services	99	99	77	79	91	91	91	93	94	103
General administration	6	6	5	4	3	3	3	3	3	3
School administrative services	37	37	36	36	38	38	38	38	38	38
Central services	8	8	8	8	8	8	8	8	8	8
Administrative Information Technology	3	3	2	3	4	4	4	4	4	4
Plant operations and maintenance	65	65	66	66	66	66	66	65	63	64
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Total	580	593	560	572	594	600	597	606	596	602

Source: District Personnel Records

Cranford Public School District
Operating Statistics,
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School					
2009	3,800.8	\$52,790,597.15	\$13,889.34	-3.44%	294.00	13.9	10.5	9.8	3,800.8	3,657.1	2.02%	96.22%	
2010	3,887.3	\$55,193,387.21	14,198.39	2.23%	295.00	13.6	10.2	9.8	3,887.3	3,744.1	2.28%	96.32%	
2011	3,919.1	\$3,449,824.59	13,638.29	-3.94%	319.00	12.8	9.9	9.8	3,919.1	3,769.5	0.82%	96.18%	
2012	3,906.4	\$6,277,733.35	14,406.55	5.63%	322.00	13.1	10.7	9.9	3,906.4	3,778.8	-0.32%	96.73%	
2013	3,898.0	60,897,638.45	15,622.79	8.44%	332.00	13.2	10.6	10.5	3,898.0	3,740.3	-0.22%	95.95%	
2014	3,875.3	61,037,842.65	15,750.48	0.82%	332.00	13.5	11.5	11.0	3,875.3	3,725.4	-0.58%	96.13%	
2015	3,793.2	62,210,417.11	16,400.51	4.13%	330.00	14.5	11.0	11.0	3,793.2	3,655.6	-2.12%	96.37%	
2016	3,851.8	64,866,848.48	16,840.66	2.68%	340.00	14	11.5	11.0	3,851.8	3,676.4	1.54%	95.45%	
2017	3,825.1	67,901,980.31	17,751.87	5.41%	332.00	11.9	10.1	10.1	3,825.1	3,644.9	-0.69%	95.29%	
2018	3,806.8	71,556,764.17	18,791.84	5.86%	333.00	11.9	10.1	12.1	3,806.8	3,664.0	-0.48%	96.25%	

Sources: District records

Note: Enrollment based on Average Daily Enrollment.

- a Operating expenditures equal total expenditures less debt service and capital outlay (includes "on-behalf" payments by State of New Jersey for T.P.A.F. pension and social security).
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).

Cranford Public School District
School Building Information
Last Ten Fiscal Years
Unaudited

District Buildings	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Elementary</u>										
Bloomington Avenue (1957)										
Square Feet	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Capacity (students)	225	225	225	225	225	225	225	225	225	225
Enrollment	246	232	242	249	247	225	224	222	225	250
Brookside Place School (1953)										
Square Feet	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080	39,080
Capacity (students)	377	377	377	377	377	377	377	377	377	377
Enrollment	412	416	433	427	407	397	363	363	348	340
Livingston Avenue School (1957)										
Square Feet	29,915	29,915	29,915	29,915	29,915	29,915	29,915	29,915	29,915	29,915
Capacity (students)	274	274	274	274	274	274	274	274	274	274
Enrollment	224	242	229	262	261	263	239	238	250	258
Walnut Avenue School (1954)										
Square Feet	36,595	36,595	36,595	36,595	36,595	36,595	36,595	36,595	36,595	36,595
Capacity (students)	304	304	304	304	304	304	304	304	304	304
Enrollment	307	312	320	312	305	300	340	332	325	315
<u>Middle Schools</u>										
Hillside Avenue School (1960)										
Square Feet	99,070	99,070	99,070	99,070	99,070	99,070	99,070	99,070	99,070	99,070
Capacity (students)	863	863	863	863	863	863	863	863	863	863
Enrollment	663	699	726	701	718	682	729	738	718	678
Orange Avenue School (1963)										
Square Feet	99,070	99,070	99,070	99,070	99,070	99,070	99,070	99,070	99,070	99,070
Capacity (students)	859	859	859	859	859	859	859	859	859	859
Enrollment	764	783	776	739	762	795	800	766	766	760
<u>High School</u>										
Cranford Senior High School (1937)										
Square Feet	247,000	247,000	247,000	247,000	247,000	247,000	247,000	247,000	247,000	247,000
Capacity (students)	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751
Enrollment	1,099	1,121	1,109	1,133	1,117	1,139	1,127	1,159	1,170	1,178
<u>Other</u>										
Lincoln School (1913)										
Square Feet	59,185	59,185	59,185	59,185	59,185	59,185	59,185	59,185	59,185	59,185
Capacity (students)	120	120	120	120	120	120	120	120	120	120
Enrollment	92	93	93	88	79	88	81	83	75	81
<u>Number of Schools at June 30, 2018:</u>										
Elementary = 4										
Middle School = 2										
Senior High School = 1										
Other = 1										

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on year end district count and includes half-day students.

Cranford Public School District
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years
Unaudited

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

*School Facilities Project # (s)	Cranford Senior High School	Hillside Avenue School	Orange Avenue School	Bloomington Avenue School	Brookside Place School	Lincoln School	Livingston Avenue School	Walnut Avenue School	Total
2009	\$ 237,733	\$ 94,899	\$ 59,230	\$ 33,335	\$ 31,909	\$ 30,258	\$ 37,357	\$ 42,215	\$ 566,936
2010	231,068	89,676	77,608	50,290	42,386	48,955	49,073	48,678	637,734
2011	127,026	65,003	66,477	21,652	20,073	33,531	13,773	19,880	367,415
2012	226,997	58,009	54,382	17,601	17,703	93,642	21,916	21,703	511,953
2013	384,581	115,224	132,264	31,882	270,382	115,431	62,826	73,311	1,185,901
2014	340,676	65,037	73,422	30,156	20,074	62,391	17,438	85,067	694,261
2015	169,428	65,138	57,666	16,041	38,661	65,836	35,807	33,757	482,334
2016	256,631	80,632	69,924	43,787	24,392	41,174	46,705	27,864	591,109
2017	208,835	58,100	56,880	44,329	21,588	38,355	49,785	58,490	536,362
2018	170,678	68,784	85,019	20,899	20,706	56,984	140,288	33,217	596,575
Total School Facilities	\$ 2,353,653	\$ 760,502	\$ 732,872	\$ 309,972	\$ 507,874	\$ 586,557	\$ 474,968	\$ 444,182	\$ 6,170,580

* 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

Cranford Public School District
Insurance Schedule
June 30, 2018
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Blanket Building & Contents including		
Personal Property of Others	\$120,733,247.00	\$5,000.00
Program Blanket Limit	500,000,000.00	
Excess Liability Policy CAP	50,000,000.00	
Food Spoilage (within Blanket Limit)		
Electronic Data Processing (within Blanket Limit)		
Automobile and General Liability Each Occurrence*	10,000,000.00	
Employee Benefits Liability*	10,000,000.00	1,000.00
Automobile Liability*	10,000,000.00	
Uninsured Motorist Liability	15,000.00/30,000.00/5,000.00	
Boiler and Machinery (within Blanket Limit)	100,000,000 per occurrence	5,000.00
Crime:		
Blanket Employee Dishonesty - Per Loss	500,000.00	1,000.00
Forgery and Alteration	50,000.00	1,000.00
Theft, Disappearance & Destruction	2,500,000.00	1,000.00
Workers Compensation:		
Limit per Accident	5,000,000.00	
Disease per Policy Limit	5,000,000.00	
Disease Each Employee Limit	5,000,000.00	
School Professional Legal Liability*	10,000,000.00	10,000.00
Public Officials Bond:		
Treasurer of School Monies/ Business Administrator/Board Secretary	325,000.00	

* \$5,000,000.00 primary insurance plus \$5,000,000.00 excess coverage.

Source: District Records

SINGLE AUDIT SECTION

SECTION – K

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NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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

Honorable President and Members
of the Board of Education
Cranford School District
Cranford, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States and 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 Cranford Board of Education in the County of Union, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Cranford Board of Education's basic financial statements and have issued our report thereon dated January 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cranford Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cranford Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cranford Board of Education'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses deficiencies or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 Cranford Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

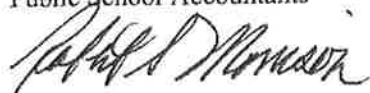
We noted other matters involving internal control and internal control over financial reporting that we reported to the Board of Education in a separate report entitled, Auditors Management Report on Administrative Findings dated January 25, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Robert S. Morrison
Public School Accountant
PSA # 871

Highland Park, New Jersey
January 25, 2019

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K-2

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

Honorable President and Members
of the Board of Education
Cranford School District
County of Union, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the compliance of the Cranford Board of Education with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey Compliance Manual State Grant Compliance Supplement that could have a direct and material effect on each of the Cranford Board of Education's major federal and state programs for the year ended June 30, 2018. The Cranford Board of Education's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cranford Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; the audit requirements of 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 OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Cranford Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major federal and state program. However, our audit does not provide a legal determination on the Cranford Board of Education's compliance.

Opinion on each Major Federal and State Program

In our opinion, the Cranford Board of Education 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 federal and state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Cranford Board of Education is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit, we considered the Cranford Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cranford Board of Education'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 federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. 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 federal or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Robert S. Morrison

Robert S. Morrison
Public School Accountant
PSA # 871

Highland Park, New Jersey
January 25, 2019

CRANFORD PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL C.F.D.A. NO.	FEDERAL FUND NO.	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2017	ADJUST- MENTS	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAY- PR. YRS BALANCES	ACCOUNTS RECEIVABLE	BALANCE AT JUNE 30, 2018 DEFERRED REVENUE	DUE TO GRANTOR
U.S. Department of Education:												
Passed-through State Department of Education:												
General Fund:												
93.778	1805NJSNAP	N/A	7/1/17-6/30/18	\$ 10,134.93	\$ (864.62)		\$ 6,749.15	\$ (6,922.69)		\$ (173.54)	\$	
93.778	1705NJSNAP	N/A	7/1/16-6/30/17	10,134.93			864.62					
					(864.62)		7,613.77	(6,922.69)		(173.54)		
Total General Fund												
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster (IDEA)												
84.027	H027A160100	IDEA-xxxx-18	7/1/17-6/30/18	839,717.00			839,717.00	(839,717.00)				
84.027	H027A160100	IDEA-xxxx-17	7/1/16-6/30/17	831,043.00	(3,576.39)		3,576.39					
84.173	H173A160114	IDEA-xxxx-18	7/1/16-6/30/18	28,543.00			28,543.00	(28,543.00)				
					(3,576.39)		871,836.39	(868,260.00)				
Total Special Education Cluster (IDEA)												
Title I, Part A Cluster												
84.010	S010A160030	ESEA-xxxx-18	7/1/17-6/30/18	98,246.00			74,573.15	(98,066.13)		(23,490.98)		
84.010	S010A160030	NCLB-xxxx-17	7/1/16-6/30/17	100,480.00	(21,718.85)		21,718.85					
					(21,718.85)		96,294.00	(98,066.13)		(23,490.98)		
Total Title I, Part A Cluster												
Title II, Part A												
84.367A	S367A160029	ESEA-xxxx-18	7/1/17-6/30/18	49,651.00			35,094.36	(46,149.93)		(11,055.57)		
84.367A	S367A160029	NCLB-xxxx-17	7/1/16-6/30/17	68,554.00	(12,799.64)		12,799.64					
					(12,799.64)		47,894.00	(46,149.93)		(11,055.57)		
Total Title II, Part A												
Title III, Part A - Immigrant												
84.365A	S365A160030	ESEA-xxxx-18	7/1/17-6/30/18	2,825.00		(0.41)	2,825.00	(2,825.00)		(0.41)		
84.365A	S365A160030	NCLB-xxxx-17	7/1/16-6/30/17	3,961.00	(0.41)	0.41						
					(0.41)		2,825.00	(2,825.00)		(0.41)		
Total Title III, Part A - Immigrant												
Title IV, Part A												
84.365A	S365A160030	ESEA-xxxx-18	7/1/17-6/30/18	10,000.00			4,170.00	(4,170.00)				
							4,170.00	(4,170.00)				
Total Title IV, Part A												
Total Special Revenue Fund												
					(38,095.29)		1,023,019.39	(1,019,471.06)		(34,546.96)		
Subtotal Department of Education Pass-through												
					(38,959.91)		1,030,633.16	(1,026,393.75)		(34,720.50)		
Total Federal Financial Assistance												
					(38,959.91)		1,030,633.16	(1,026,393.75)		(34,720.50)	\$	\$

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.
N/A - Not available/applicable.

CRANFORD PUBLIC SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Cranford School District. The Board of Education is defined in Note 1 to the Boards' 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 is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of the OMB Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District did not allocate any indirect costs to any of its federal and/or state financial assistance programs during the 2017-2018 school year.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$57,541.00 for the general fund and \$0.00 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

CRANFORD PUBLIC SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D.):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 6,922.69	\$11,943,753.86	\$ 11,950,676.55
Special Revenue Fund	1,019,471.06	124,028.78	1,143,499.84
Capital Projects Fund	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Awards & Financial Assistance	<u>\$ 1,026,393.75</u>	<u>\$12,067,782.64</u>	<u>\$13,094,176.39</u>

NOTE 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.

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. 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, 2018.

CRANFORD PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified that
are not considered to be material weaknesses? Yes X None

Noncompliance material to basic financial
statements noted? Yes X No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified that
are not considered to be material weaknesses? Yes X None

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a)? Yes X No

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
		<u>Special Education Cluster:</u>
84.027	H027A170100	IDEA Part B Basic Regular
84.173	H173A170114	IDEA Part B Preschool

Dollar threshold used to distinguish between Type A and B programs: \$750,000.00

Auditee qualified as low-risk auditee? X Yes No

CRANFORD PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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Section I - Summary of Auditor's Results (cont'd)

State Awards

Dollar threshold used to distinguish between Type A and B programs: \$750,000.00

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? Yes X No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u> </u>	<u>State Aid Program Cluster:</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

Section II - Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

NONE

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CRANFORD PUBLIC SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NONE

