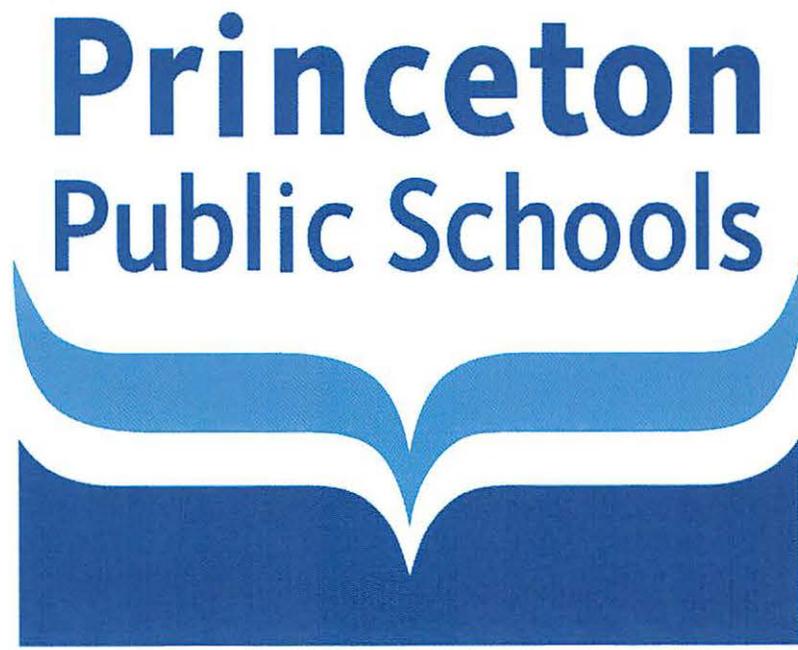


**PRINCETON PUBLIC SCHOOLS**  
Princeton, New Jersey



**Live to Learn, Learn to Live**

Comprehensive Annual Financial Report for  
Year ended June 30, 2015

# **Princeton Public Schools**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2015

**Princeton Public Schools**  
**Princeton, New Jersey**

Prepared by Princeton Public Schools  
Business Office  
Stephanie Kennedy  
Business Administrator, Board Secretary

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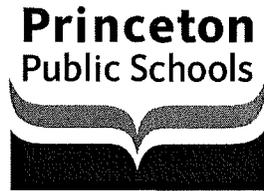
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# Introductory Section



**Stephanie Kennedy** Business Administrator/Board Secretary  
25 Valley Road, Princeton, New Jersey 08540 t 609.806.4204 f 609.806.4225

December 9, 2015

Honorable President and Members  
of the Princeton Board of Education  
Princeton Public Schools  
County of Mercer  
Princeton, New Jersey

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report (“CAFR”) of the Princeton Public Schools (hereinafter, the “District”) as of and for the year ended June 30, 2015, 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 of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The CAFR is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter (designed to complement Management’s Discussion and Analysis and should be read in conjunction with it), the District’s organizational chart, a roster of officials, independent auditors and advisors and the certificate of excellence in financial reporting. The financial section includes Management’s Discussion and Analysis, basic financial statements, required supplementary information and supplementary information, as well as the auditors’ report therein. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, “Audits of States, Local Governments, and Nonprofit Organizations,” and the New Jersey OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments.” Information related to this single audit, including the independent auditors’ reports on internal control and compliance with applicable laws and regulations and findings and questioned costs, is included in the single audit section of this report.

## **1. Reporting Entity and Its Services**

The Princeton Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The Princeton 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 PK through 12. These include regular education as well as special education for handicapped students. The District sends its vocational students to county vocational schools, which are more suited to provide that type of educational program. The District completed the 2014-2015 fiscal year with an average daily enrollment of 3,563 students, which is 141 students more than the previous year's average daily enrollment. The following chart details the changes in the average daily student enrollment of the District over the last five years:

### **Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2014-15	3,563	4.12%
2013-14	3,422	0.20
2012-13	3,415	1.10
2011-12	3,378	(0.09)
2010-11	3,381	1.23

## **2. Economic Condition and Outlook**

The economy in the Princeton community and local region is stable and home properties are holding their value. Most of the undeveloped land in Princeton is held by Princeton University. It is believed that there may be some commercial and residential growth potential within the municipality. The Princeton Medical Center Hospital relocated out of the community in May of 2012 and the existing property was sold. The property owners have begun building a multi-unit apartment housing complex. This new housing, when completed, will bring additional students into the district schools, thus increasing enrollment, but the actual impact is not yet known. The administration will monitor the housing project and related enrollment closely. The District had a demographic study completed in the summer of 2014 which reported enrollment will increase, especially in the high school, during the next five or so years. All school buildings are in good condition and the District does not anticipate significant expenditures for building improvements in the near future, although, there is a growing need for more space to house students at the high school.

The Princeton Charter School opened its doors in 1997 with an initial enrollment of 72 students. See the following chart for an enrollment history for the last ten years and a projection for next year:

<u>Fiscal Year</u>	<u>Enrollment</u>
2005-06	280
2006-07	288
2007-08	390
2008-09	318
2009-10	345
2010-11	343
2011-12	343
2012-13	342
2013-14	341
2014-15	346
2015-16 projected	347

All but a few students enrolled in Princeton Charter School are Princeton residents. The Charter School reduces the enrollment of the Princeton Public Schools but does not do so in a manner that allows for an accompanying reduction in Princeton Public Schools' staff. Additionally, the District's budget is not reduced due to students attending the Charter School. The Charter School offers education in grades K through 8. The enrollment of the high school increases with Charter School students who choose to attend Princeton High School.

### **3. Major Initiatives**

#### **Facilities Improvement Plan**

The district was granted six ROD grants which were used to support projects completed in the 2014-2015 school year. The work supported by these grants included three security upgrade projects as well as three roof replacement projects. The New Jersey Schools Development Authority grants paid 40% of the costs for these six projects saving the district in excess of \$390,000. The district supported 60% of the costs through capital reserve funds. Additionally, capital reserve funds were used to support a rehabilitation project of a high school science lab. This lab will be in use beginning in the 2015-2016 school year. These projects did not require the collection of additional taxes from the tax payers. All of the projects noted above received approval from the Department of Education and were included in the District's Long Range Facility Plan.

In September 2012, the Board held a successful vote in support of a \$10,980,000 referendum. The funds generated through the resulting bonds were to be used to address many needed capital maintenance projects. The three main projects have been completed which expended the majority of the bond funds. The balance of funds will be used for other projects not yet started; such as a large plant generator at the middle school and a smaller window project at one elementary school. All projects were approved in the original referendum package presented to the public for vote. There were no state grant funds available at the time of development of this referendum. Available grant funds would have offset costs for the District. The list of projects in the referendum were approved by the Department of Education as well as included in the District's Long Range Facility Plan. No projects other than those identified in the documentation

can be funded through this referendum. The original term for repayment of the debt was ten years with eight years remaining, as of June 30, 2015.

### Personnel Management

The Personnel Department uses an established protocol to ensure that all candidates are properly credentialed and certified. To find the best possible candidates, District staff participated in many job fairs and performed extension outreach efforts across the mid-Atlantic region. Additionally, a software program *Applitrack* was used successfully, again this year, to manage job applications. The Human Resources handbooks are used by administrators to provide better oversight of the supervision/evaluation process; for new hires to aid in their orientation to District policies, procedures, and expectations; and for mentors to improve upon the State's process for initiating new hires to the teaching profession. In collaboration with the Curriculum and Instruction Office, the Human Resources Office provided professional development activities so that teachers and support staff could meet District and State requirements. Personnel policies and specified job descriptions were reviewed and revised as necessary. The Department is continually working on the faculty and administrator evaluation process to meet the regulations set by New Jersey law. The Danielson Model of supervision and evaluation was the initial platform used by the District in an effort to meet the state's requirements.

### Educational Program

The District's rigorous academic program prepares students for college and career choices, enabling them to compete with high school graduates nationwide for enrollment in the most prestigious colleges and universities. Technology and college/career readiness are embedded throughout the curriculum. The general education program includes language arts, mathematics, science, social studies, visual and performing arts, health and physical education, and world languages, reflecting the State of New Jersey's Core Curriculum Content Standards and the values that the Princeton community places on an educational experience that highlights the humanities, mathematics, and the visual and performing arts.

In addition to the District's exemplary academic program, there are several areas in which the program goes beyond what is required by state standards. For example, there is an enhanced music program from the third to the twelfth grade that involves approximately 50 percent of the total student enrollment. Also, the District offers world language instruction beginning in elementary school and continuing through grade twelve. Spanish is offered in grades two through five; Spanish and French in the sixth through eighth grades; as well as Mandarin in seventh and eighth grades. In the ninth to twelfth grades, instruction in Italian, Japanese, Mandarin and Latin are offered besides Spanish and French. A dual language pilot program will be run at one of our elementary schools in 2015-2016. A kindergarten and first grade class will be involved in this program during this pilot year. All of our elementary schools are fully equipped with science labs, computer labs and/or mobile laptop carts, and school libraries. Eligible high school students may take courses at Princeton University. All high school students may choose from a wide range of rigorous courses.

The District provides resources for continuous professional development of its staff; engages community organizations, businesses, and local government agencies as partners in the educational process, encourages parent and family involvement in school and district activities

and committees; and participates with other school districts and higher education institutions in research and programming for closing the achievement gap between minority and economically disadvantaged students and their peers.

The Princeton community values education and fully supports our students and schools as we provide the academic and co-curricular opportunities for each child to reach his/her goals.

#### **4. Internal Control**

District administration 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 is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (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 administration.

As a recipient of federal awards and state financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by District administration.

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, as well as to determine that the District has complied with applicable laws, regulations, contracts, and grants.

#### **5. Budgetary Controls**

In addition to internal control, 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 and State Department of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and, as such; **do not** represent over-expenditures in this budget.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned to fund balance at year-end.

## **6. Accounting System and Reports**

The District's accounting records reflect accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and a government-wide presentation is also included. These funds and government-wide statements are explained in "Notes to the Basic Financial Statements," Note 1.

## **7. Other Information**

*Independent Audit:* State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss and Company, LLP was selected by the Board of Education to perform auditing services. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 15-08. The auditors' report on the basic financial statements, required supplementary information, and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

*Awards:* The District had applied to the Association of School Business Officials (ASBO) International for the "Certificate of Excellence in Financial Reporting" for its comprehensive annual financial report for the fiscal year ended June 30, 2014, and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report and satisfied both generally accepted accounting principles and applicable legal requirements. This is the *eighteenth* consecutive year the District has received this award.

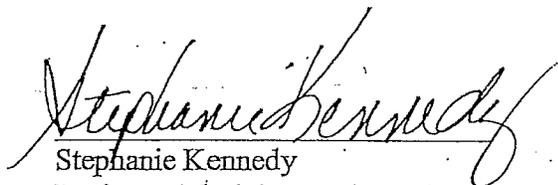
We believe that our current comprehensive annual financial report continues to meet the Program's rigorous requirements, and we are submitting it to ASBO to determine its eligibility for the fiscal year 2014-2015 award.

## **8. Acknowledgments**

We would like to express our appreciation to the members of the Princeton School Board for its concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing 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,

  
Stephen C. Cochran  
Superintendent of Schools

  
Stephanie Kennedy  
Business Administrator/Board Secretary



Princeton Public Schools  
Princeton, New Jersey

Roster of Officials

June 30, 2015

	<b>Term Expires (December)</b>
<b><u>Members of the Board of Education</u></b>	
Andrea Spalla, President	2016
Patrick Sullivan	2015
Molly Chrein	2016
Rebecca Cox	2015
Justin Doran	2016
Thomas Hagedorn	2016
Martha Land	2015
Fern Spruill	2017
Connie Witter	2017
Evelyn Spann*	*

**Other Officials**

Stephen C. Cochrane, Superintendent of Schools  
Stephanie Kennedy, Business Administrator/Board Secretary  
Bonnie Lehet, Assistant Superintendent of Curriculum and Instruction  
Lewis Goldstein, Assistant Superintendent for Human Resources  
Micki Crisafulli, Director of Student Services  
Gary Weisman, Director of Plant and Operations  
Jennifer Micale, Comptroller/Assistant Board Secretary  
John Calavano, Treasurer of School Monies

\* Appointed Cranbury representative

Princeton Public Schools  
Princeton, New Jersey

Independent Auditors and Advisors

**Independent Auditors**

Wiss and Company, LLP  
485C Route One South  
Suite 250  
Iselin, New Jersey 08830

**Architects**

Fraytak, Veisz, Hopkins & Duthie, PC  
1515 Lower Ferry Road  
Trenton, NJ 08628

Spiezle Group  
120 Sanhican Drive  
Trenton, New Jersey 08618

**Attorney**

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Suite 300  
Mount Laurel, New Jersey 08054

**Official Depositories**

The Bank of Princeton  
21 Chambers Street  
Princeton, New Jersey 08542

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## Princeton Public Schools

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in cursive script, reading 'Terrie S. Simmons', written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in cursive script, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

## Financial Section

## Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
Princeton Public Schools  
Princeton, New Jersey  
County of Mercer

### **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 Princeton Public Schools, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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Bethlehem, PA 18018  
484.821.5735

In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District as of June 30, 2015, 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 – Change in Accounting Principle***

As discussed in Note 1.T. to the financial statements, during the fiscal year ended June 30, 2015, the District adopted new accounting guidelines, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, which represents a change in accounting principle. As discussed in Note 19 to the financial statements, as of July 1, 2014, the District's net position was restated to reflect the impact of the change in accounting principle. 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 management's discussion and analysis, schedule of the State's proportionate share of the net pension liability-PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

*Supplementary and Other Information*

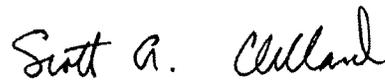
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 on our consideration of the District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 9, 2015  
Iselin, New Jersey

Required Supplementary Information  
Part I

Management's Discussion and Analysis

# **Princeton Public Schools Management's Discussion and Analysis**

Year ended June 30, 2015  
(Unaudited)

As management of Princeton Public Schools, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2015. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A as required by GASB Statement No. 34.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required supplementary and other information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave and pension liability).

The government-wide financial statements can be found on pages 24-25 of this report.

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26-28 of this report.

**Proprietary funds.** The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program.

The basic enterprise fund financial statements can be found on pages 29-31 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity of the private-purpose scholarship fund and unemployment compensation trust fund.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34-72 of this report.

**Other information.** The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 73-107 of this report.

## Financial Highlights

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,685,546 (net position) for the fiscal year ended June 30, 2015 and our overall financial position has improved in the current year. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2015 and 2014:

	2015			2014		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Assets:</b>						
Current and other assets	\$ 12,224,801	\$ 320,914	\$ 12,545,715	\$ 13,095,869	\$ 295,622	\$ 13,391,491
Capital assets, net	91,527,964	212,054	91,740,018	93,293,905	248,729	93,542,634
Total assets	103,752,765	532,968	104,285,733	106,389,774	544,351	106,934,125
Deferred outflows of resources	4,110,107		4,110,107	1,421,526		1,421,526
<b>Liabilities:</b>						
Current liabilities	8,653,196	85,348	8,738,544	6,742,147	106,778	6,848,925
Net pension liability	22,474,829		22,474,829			
Long-term liabilities outstanding	38,157,543		38,157,543	43,084,466		43,084,466
Total liabilities	69,285,568	85,348	69,370,916	49,826,613	106,778	49,933,391
Deferred inflow of resources	1,339,378		1,339,378			
<b>Net position:</b>						
Net investment in capital assets	55,851,942	212,054	56,063,996	53,120,132	248,729	53,368,861
Restricted	4,390,950		4,390,950	6,298,244		6,298,244
Unrestricted (deficit)	(23,004,966)	235,566	(22,769,400)	(1,433,689)	188,844	(1,244,845)
Total net position	\$ 37,237,926	\$ 447,620	\$ 37,685,546	\$ 57,984,687	\$ 437,573	\$ 58,422,260

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those items that are subject to external restrictions (e.g., for capital projects, capital reserve and excess fund balance in the general fund).

Current and other assets decreased primarily due to the utilization of cash in the 2015 fiscal year from the sale of bonds during the 2013 fiscal year, which provided cash to be utilized to fund the 2013 fiscal year approved \$10,980,000 referendum. Long-term liabilities decreased due to the payment of principal on debt as well as the payment of the remaining balance of a legal settlement liability due to a construction vendor. Current liabilities increased primarily due to the increase in accounts payable, which was largely due to the current year accrual for retroactive pay due to contract settlement.

The net pension liability recorded as of June 30, 2015 is the result of the current year implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*.

Capital assets, net decreased from the prior year due to the completion of several projects, which resulted in the majority of the prior year construction in progress balance being placed in service and depreciated in the current year. As a result, depreciation expense exceeded capital asset additions, contributing to the overall decrease.

Net investment in capital assets increased from the prior year due to the District paying off the remaining legal settlement liability due to a construction vendor in the amount of \$640,000, therefore, no related payable was due at current year end. Increase was also attributable to the overall decrease in bonds payable and unamortized premium (used to build or acquire capital assets), due to regular payments of principal made during the current year.

Restricted net position decreased mainly due to the decrease in the capital reserve account.

Unrestricted net position decreased \$21,524,555 as compared to the prior year, mainly as a result of the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, which resulted in a restatement of beginning net position of \$21,632,007.

There was no substantial change in business-type activity assets, liabilities and net position for the year ended June 30, 2015.

**Government-wide activities.** The key elements of the District’s net position for the years ended June 30, 2015 and 2014 are as follows:

Princeton Public Schools  
Princeton, New Jersey  
Changes in Net Position  
Year ended June 30,

	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 5,171,193	\$ 618,599	\$ 5,789,792	\$ 5,178,669	\$ 577,235	\$ 5,755,904
Operating grants and contributions	2,193,352	296,420	2,489,772	2,166,140	270,288	2,436,428
Capital grants and contributions	392,479		392,479	422,286		422,286
General revenues:						
Property taxes	71,629,433		71,629,433	70,320,054		70,320,054
Federal and state aid not restricted to specific purposes	18,952,008		18,952,008	10,457,672		10,457,672
Earning on investments	86,592	1,190	87,782	98,717	1,406	100,123
Miscellaneous	404,436		404,436	508,472		508,472
Total revenues	98,829,493	916,209	99,745,702	89,152,010	848,929	90,000,939
Expenses:						
Instructional services	56,321,975		56,321,975	49,651,043		49,651,043
Support services	35,498,083	906,162	36,404,245	31,366,799	852,358	32,219,157
Charter school	4,899,659		4,899,659	4,729,512		4,729,512
Interest on long-term debt	1,224,530		1,224,530	1,621,814		1,621,814
Total expenses	97,944,247	906,162	98,850,409	87,369,168	852,358	88,221,526
Excess before special item	885,246	10,047	895,293	1,782,842	(3,429)	1,779,413
Special item				1,450,000		1,450,000
Change in net position	885,246	10,047	895,293	3,232,842	(3,429)	3,229,413
Net position– beginning of year	57,984,687	437,573	58,422,260	54,751,845	441,002	55,192,847
Restatement	(21,632,007)		(21,632,007)			
Net position– beginning of year (as restated)	36,352,680	437,573	36,790,253	54,751,845	441,002	55,192,847
Net position – end of year	\$37,237,926	\$ 447,620	\$37,685,546	\$57,984,687	\$ 437,573	\$58,422,260

Charges for services increased due to the increase in tuition revenue from a sending district.

The change in governmental operating grants and contributions is a result of an increase in local grants received in the 2015 fiscal year compared to 2014 fiscal year. The change in business-type operating grants and contributions is a result of the national school breakfast reimbursement amount being higher in the current year due to the increase in the number of meals claimed, as well as an increase in the level of assistance the District received for the food donation program.

The change in capital grants and contributions was related to the decreased work that was performed in the current year relating to the New Jersey School Development Authority grants received in the current year. In the prior year, a larger amount of funds were utilized from the 2013 fiscal year's \$10,980,000 referendum.

Property taxes increased \$1,309,397, or 1.9%, which was in accordance with state regulations. The increase in unrestricted federal and state aid is mainly the result of \$977,622 more of on-behalf TPAF pension contributions, as well as an increase in the award for Extraordinary Aid of approximately \$249,000.

The decrease in special items is the result of the \$1,450,000 favorable legal settlement the District was awarded in the prior fiscal year.

Instructional and support services expenses increased due to increases in the number of employees, and salary and benefits increases. In addition, there was an increase in the number of students enrolled at the District, including special education students, which resulted in higher tuition costs during the 2015 fiscal year. A portion of the increase in instructional and support services expenses can also be attributed to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. The implementation of these GASBs resulted in the recognition of full accrual TPAF pension expense of \$7,265,391 during the 2015 fiscal year. This resulted in an offsetting increase in federal and state aid not restricted to specific purposes.

### **Financial Analysis of the District's Funds**

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

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

*General Fund.* The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$2,416,510, while the total fund balance was \$8,164,203. The net change in total fund balance for the General Fund was a decrease of \$711,145, which was mainly attributable to the use of fund balance and the restricted capital reserve account funds. The District withdrew \$1,487,370 for the use of capital projects and re-deposited \$431,751 of unused funds in the current year.

*Special Revenue Fund.* The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year were comparable to the prior fiscal year, with an increase of \$27,212 attributable mostly to an increase in local grants expended. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$966,857.

*Capital Projects Fund.* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). There were expenditures of \$2,182,722 in the current fiscal year compared to expenditures of \$8,226,703 in the prior year. This is mainly attributable to the District obtaining \$10,980,000 through bond referendum during 2013, in which the District expended the majority of these funds in the prior year. Current year expenditures relate to those incurred through capital reserve funds and grants received from the New Jersey School Development Authority.

*Debt Service Fund.* The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$39,218, which is attributable to interest earned in the capital projects fund during the current fiscal year.

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, 2015, and the increases and decreases in relation to prior year.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2014</b>	<b>Percent of Increase (Decrease)</b>
Local sources	\$ 77,381,108	84.9%	\$ 1,251,012	1.6%
State sources	12,350,102	13.5	1,406,163	12.8
Federal sources	1,423,624	1.6	(207,891)	(12.7)
<b>Total</b>	<b>\$ 91,154,834</b>	<b>100.0%</b>	<b>\$ 2,525,249</b>	<b>2.8%</b>

The increase in local sources is mainly attributable to an increase in the tax levy of \$1,309,379, offset by other immaterial decreases.

The increase in state sources is attributable to the increase in the TPAF pension contributions made by the State of New Jersey on-behalf of the District during the current year of \$977,622, an increase in extraordinary aid award of approximately \$249,000, and the overall increase in award amounts for Chapter 192 and 193 grants.

The decrease in federal sources is mainly attributable to the decrease in Title I and Title IIA funds expended in the current year, offset by increases in expenditures in IDEA Basic.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2015, and the increases and decreases in relation to the prior year:

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2014</b>	<b>Percent of Increase (Decrease)</b>
Current expenditures:				
Instruction	\$ 36,841,020	40.3%	\$ 944,212	2.6%
Undistributed	43,905,739	48.1	1,578,249	3.7
Charter schools	4,899,659	5.4	170,147	3.6
Debt service:				
Principal	4,365,000	4.8	120,000	2.8
Interest	1,295,153	1.4	(82,816)	(6.0)
<b>Total</b>	<b>\$ 91,306,571</b>	<b>100.0%</b>	<b>\$ 2,805,757</b>	<b>3.1%</b>

The increase in instruction and undistributed expenditures is attributable mainly to the increase in the number of instruction related employees as well as the standard increase in salaries of teachers and other employees for regular programs and special education instruction.

### **General Fund Budgetary Highlights**

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

### **Expenditures**

- The modified budget for undistributed instruction-tuition increased from the original budget by approximately \$365,000 or 13% as a result of an increase greater than anticipated in the tuition costs paid to county special services, regional day schools, and private schools for the disabled based on the number of students attending these schools.
- The modified budget for resource room/center increased from the original budget by approximately \$212,000 or 5% as a result of more than anticipated increase in the costs for salaries of teachers, due to the increase in the number of special education students attending District schools in the current year than originally expected.

- The modified budget for child study teams decreased from the original budget by approximately \$479,000 or 13% as a result of the District electing to charge these services to the IDEA grant in the current year.
- The modified budget for unallocated benefits exceeded the original budget by approximately \$160,000 or 1% as a result of greater than anticipated increase in the costs for prescriptions for the District's self-funded prescription plan.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the actual by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

**Revenues**

- Actual extraordinary aid was in excess of the modified budget by approximately \$1,063,000 or 284% as a result of the fact that the final award amount is calculated by the State of New Jersey and is not required to be budgeted for.

**Expenditures**

- The actual amounts expended for undistributed expenditures-child study teams were less than the final budget by approximately \$239,000 or 7% as a result of the District charging more of these expenditures to the IDEA grant than was ultimately budgeted.
- The actual amounts expended for undistributed expenditures-operation and maintenance of plant were less than the final budget by approximately \$372,000 or 6% mainly due to custodial services being in-house versus contracted.
- The actual amounts expended for undistributed expenditures-student transportation services were less than the final budget by approximately \$275,000 or 9% as a result of the District servicing routes in-house versus contracting them.
- The actual amounts expended for facilities and construction services were lower than the final budget by approximately \$466,000 or 49% as a result of the District budgeting capital reserve, but the associated projects (atrium at John Witherspoon Middle School and athletic space at Princeton High School) were not moved forward.

**Capital Assets**

At the end of the fiscal years ended June 30, 2015 and 2014, the District had \$91,740,018 and \$93,542,634, respectively, net invested in land, construction in progress, building and building improvements and machinery and equipment, net of accumulated depreciation or amortization.

	<b>Capital Assets (Net of Depreciation)</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 195,190	\$ 195,190		
Construction in progress	778,176	10,010,007		
Building and building improvements	89,019,905	81,395,506		
Machinery and equipment	1,534,693	1,693,202	\$ 212,054	\$ 248,729
<b>Total</b>	<b>\$ 91,527,964</b>	<b>\$ 93,293,905</b>	<b>\$ 212,054</b>	<b>\$ 248,729</b>

The decrease in capital assets, net is due to capital asset additions being less than depreciation expense during the 2014-15 year. For more detailed information, please refer to Note 4 to the basic financial statements.

### **Debt Administration and Long-Term Liabilities**

At June 30, 2015, the District had \$43,310,892 of outstanding long-term liabilities. Of this amount, \$5,725,166 is for compensated absences; \$36,130,000 of serial bonds for school construction; and \$1,455,726 is for the unamortized premium on bonds.

Additional information on Princeton Public Schools' long-term liabilities can be found in Note 5 to the basic financial statements.

### **Economic Factors and Next Year's Budget**

- The District budgeted \$2,821,108 of its 2015 fund balance to partially fund 2015-2016 operations, an increase of \$158,632 from the prior year.
- The 2015-2016 tax levy was increased in accordance with state regulations.

All of the above factors were considered in preparing the District's 2015-16 fiscal year budget.

### **Requests for Information**

This financial report is designed to provide a general overview of Princeton Public Schools finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator, 25 Valley Road, Princeton, New Jersey 08540.

# Basic Financial Statements

# Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2015.

## Princeton Public Schools

## Statement of Net Position

June 30, 2015

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,540,988	\$ 221,614	\$ 7,762,602
Accounts receivable	2,323,145	61,670	2,384,815
Internal balances	(25,334)	25,334	-
Inventories		12,296	12,296
Restricted assets:			
Cash and cash equivalents	2,386,002		2,386,002
Capital assets, non-depreciable	973,366		973,366
Capital assets, depreciable, net	90,554,598	212,054	90,766,652
Total assets	<u>103,752,765</u>	<u>532,968</u>	<u>104,285,733</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on defeasance of debt	1,243,836		1,243,836
Pension deferrals	2,866,271		2,866,271
Total deferred outflows of resources	<u>4,110,107</u>		<u>4,110,107</u>
Total assets and deferred outflows of resources	<u>107,862,872</u>	<u>532,968</u>	<u>108,395,840</u>
<b>Liabilities</b>			
Accounts payable	2,783,852	49,144	2,832,996
Accrued interest payable	497,438		497,438
Intergovernmental payables:			
State	113,898		113,898
Unearned revenue	65,947	36,204	102,151
Other liabilities	38,712		38,712
Net pension liability	22,474,829		22,474,829
Current portion of long-term obligations	5,153,349		5,153,349
Noncurrent portion of long-term obligations	38,157,543		38,157,543
Total liabilities	<u>69,285,568</u>	<u>85,348</u>	<u>69,370,916</u>
<b>Deferred Inflow of Resources</b>			
Pension deferrals	<u>1,339,378</u>		<u>1,339,378</u>
<b>Net position</b>			
Net investment in capital assets	55,851,942	212,054	56,063,996
Restricted for:			
Capital projects	1,410,943		1,410,943
Other purposes	2,980,007		2,980,007
Unrestricted (deficit)	(23,004,966)	235,566	(22,769,400)
Total net position	<u>\$ 37,237,926</u>	<u>\$ 447,620</u>	<u>\$ 37,685,546</u>

See accompanying notes to the basic financial statements.

## Princeton Public Schools

## Statement of Activities

Year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>							
Instruction	\$ 56,321,975	\$ 5,001,131	\$ 1,312,287	\$ 235,461	\$ (49,773,096)		\$ (49,773,096)
Support services:							
Attendance/social work	236,477			927	(235,550)		(235,550)
Health services	1,046,052			4,193	(1,041,859)		(1,041,859)
Other support services	10,209,305		881,065	42,700	(9,285,540)		(9,285,540)
Improvement of instruction	409,855			1,688	(408,167)		(408,167)
Other support: instructional staff	1,869,110			6,789	(1,862,321)		(1,862,321)
School library	2,384,887			10,747	(2,374,140)		(2,374,140)
General administration	1,161,267			5,450	(1,155,817)		(1,155,817)
School administration	4,436,198			17,587	(4,418,611)		(4,418,611)
Central services	1,650,029			6,730	(1,643,299)		(1,643,299)
Admin info technology	157,028			614	(156,414)		(156,414)
Required maintenance of plant services	1,492,379			7,372	(1,485,007)		(1,485,007)
Operation of plant	6,985,192			33,463	(6,951,729)		(6,951,729)
Student transportation	3,460,304	170,062		18,758	(3,271,484)		(3,271,484)
Charter schools	4,899,659				(4,899,659)		(4,899,659)
Interest on long-term debt	1,224,530				(1,224,530)		(1,224,530)
Total governmental activities	97,944,247	5,171,193	2,193,352	392,479	(90,187,223)		(90,187,223)
<b>Business-type activities</b>							
Food service	906,162	618,599	296,420			\$ 8,857	8,857
Total business-type activities	906,162	618,599	296,420			8,857	8,857
Total primary government	\$ 98,850,409	\$ 5,789,792	\$ 2,489,772	\$ 392,479	(90,187,223)	8,857	(90,178,366)
<b>General revenues:</b>							
Property taxes, levied for general purposes					65,996,845		65,996,845
Property taxes, levied for debt service					5,632,588		5,632,588
Federal and state sources					18,952,008		18,952,008
Investment earnings					86,592	1,190	87,782
Miscellaneous income					404,436		404,436
Total general revenues					91,072,469	1,190	91,073,659
Change in net position					885,246	10,047	895,293
Net position—beginning (as restated)					36,352,680	437,573	36,790,253
Net position—ending					\$ 37,237,926	\$ 447,620	\$ 37,685,546

# Fund Financial Statements

# Governmental Funds

Princeton Public Schools  
Governmental Funds

Balance Sheet

June 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 5,174,478	\$ 193,041	\$ 2,173,468	\$ 1	\$ 7,540,988
Accounts receivable:					
State	1,701,714	6,411	136,124		1,844,249
Federal	1,274	209,928			211,202
Local	170,062				170,062
Interfund	191,895			39,217	231,112
Other	97,632				97,632
Restricted cash and cash equivalents	2,386,002				2,386,002
Total assets	<u>\$ 9,723,057</u>	<u>\$ 409,380</u>	<u>\$ 2,309,592</u>	<u>\$ 39,218</u>	<u>\$ 12,481,247</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 1,494,808	\$ 228,667	\$ 7,487		\$ 1,730,962
Intergovernmental payables:					
State		113,898			113,898
Interfunds payable	25,334	5,818	225,294		256,446
Unearned revenue		65,947			65,947
Other liabilities	38,712				38,712
Total liabilities	<u>1,558,854</u>	<u>414,330</u>	<u>232,781</u>		<u>2,205,965</u>
Fund balances:					
Restricted for:					
Capital reserve	2,386,002				2,386,002
Capital projects			2,076,811		2,076,811
Debt service				\$ 39,218	39,218
Excess surplus-current year	147,897				147,897
Excess surplus-prior year	446,108				446,108
Assigned to:					
Designated for subsequent year expenditures	2,375,000				2,375,000
Designated for subsequent year expenditures - ARRA Semi	5,558				5,558
Other purposes	387,128				387,128
Unassigned (deficit)	2,416,510	(4,950)			2,411,560
Total fund balances	<u>8,164,203</u>	<u>(4,950)</u>	<u>2,076,811</u>	<u>39,218</u>	<u>10,275,282</u>
Total liabilities and fund balances	<u>\$ 9,723,057</u>	<u>\$ 409,380</u>	<u>\$ 2,309,592</u>	<u>\$ 39,218</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$125,573,268 and the accumulated depreciation is \$34,045,304.	91,527,964
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(497,438)
Long-term liabilities, including bonds payable and compensated absences are not due in the current period and therefore are not liabilities in the funds.	(43,310,892)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds.	1,243,836
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	1,526,893
Accrued pension contributions for the June 30, 2015 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,052,890)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(22,474,829)</u>
Net position of governmental activities	<u>\$ 37,237,926</u>

See accompanying notes to the basic financial statements.

Princeton Public Schools  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2015

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Revenues:</b>					
Local sources:					
Local tax levy	\$ 65,996,845			\$ 5,632,588	\$ 71,629,433
Tuition	5,001,131				5,001,131
Interest on investments	69,803		\$ 16,789		86,592
Transportation-hazardous routes	170,062				170,062
Miscellaneous	404,436	\$ 106,243			510,679
Total local sources	71,642,277	106,243	16,789	5,632,588	77,397,897
State sources	11,674,963	675,139	392,479		12,742,581
Federal sources	11,654	1,411,970			1,423,624
Total revenues	83,328,894	2,193,352	409,268	5,632,588	91,564,102
<b>Expenditures:</b>					
Current:					
Instruction	32,363,067				32,363,067
Undistributed-current:					
Instruction	3,165,666	1,312,287			4,477,953
Attendance/social work	145,061				145,061
Health services	656,122				656,122
Support services	5,799,911	881,065			6,680,976
Improvement of instruction	264,153				264,153
Other support: instructional staff	1,062,201				1,062,201
School library	1,681,563				1,681,563
General administration	852,728				852,728
School administration	2,751,712				2,751,712
Central services	1,052,953				1,052,953
Administration information technology	96,093				96,093
Required maintenance of plant services	1,153,405				1,153,405
Operation of plant-custodial services	4,712,491				4,712,491
Care & upkeep of grounds	344,270				344,270
Security	178,927				178,927
Student transportation	2,934,994				2,934,994
Employee benefits	12,611,174				12,611,174
On-behalf pension contributions	4,469,294				4,469,294
On-behalf TPAF social security contributions	2,257,622				2,257,622
Contribution to charter schools - current	4,899,659				4,899,659
Capital outlay			2,182,722		2,182,722
Debt Service:					
Principal				4,365,000	4,365,000
Interest				1,295,153	1,295,153
Total expenditures	83,453,066	2,193,352	2,182,722	5,660,153	93,489,293
(Deficiency) of revenues (under) expenditures	(124,172)	-	(1,773,454)	(27,565)	(1,925,191)
Other financing sources (uses):					
Transfers in	186,077		773,050	15,043	974,170
Transfers out	(773,050)		(201,120)		(974,170)
Total other financing sources (uses)	(586,973)		571,930	15,043	-
Net change in fund balances	(711,145)	-	(1,201,524)	(12,522)	(1,925,191)
Fund balances (deficit), July 1	8,875,348	(4,950)	3,278,335	51,740	12,200,473
Fund balances (deficit), June 30	\$ 8,164,203	\$ (4,950)	\$ 2,076,811	\$ 39,218	\$ 10,275,282

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

See accompanying notes to the basic financial statements.

Princeton Public Schools  
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2015

**Total net change in fund balances - governmental funds (from B-2)** \$ (1,925,191)

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 depreciation expense exceeded capital assets in the period.

Capital additions	\$ 1,748,175	
Depreciation expense	<u>(3,514,116)</u>	(1,765,941)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The amount presented is the change from prior year.	42,209
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Repayments of bond principal and the legal settlement are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	5,005,000
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Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred interest costs.	206,104
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Governmental funds report the effect of refunding transactions when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred loss of refunding.	(177,690)
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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). The amount presented is the change from the prior year.	(130,426)
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Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Pension expense	(368,819)
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<b>Change in net position of governmental activities (A-2)</b>	<u><u>\$ 885,246</u></u>
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*See accompanying notes to the basic financial statements.*

# Enterprise Fund

Princeton Public Schools  
Enterprise Fund

Statement of Net Position

June 30, 2015

	<b>Major Fund</b>
	<b>Food</b>
	<b>Service</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 221,614
Accounts receivable:	
State	868
Federal	21,256
Interfund	25,334
Other	39,546
Inventories	12,296
Total current assets	320,914
Non-current assets:	
Capital assets:	
Equipment	850,978
Accumulated depreciation	(638,924)
Total capital assets, net	212,054
Total assets	532,968
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	49,144
Unearned revenue	36,204
Total current liabilities	85,348
<b>Net position</b>	
Net investment in capital assets	212,054
Unrestricted	235,566
Total net position	\$ 447,620

*See accompanying notes to the basic financial statements.*

Princeton Public Schools  
Enterprise Fund

Statement of Revenues, Expenses and  
Changes in Fund Net Position

Year ended June 30, 2015

	<b>Major Fund</b>
	<b>Food</b>
	<b>Service</b>
Operating revenues:	
Local sources:	
Daily food sales-reimbursable programs	\$ 549,029
Special event income	20,464
Miscellaneous income	49,106
Total operating revenues	618,599
Operating expenses:	
Salaries	387,260
Employee benefits	35,528
Other purchased services	14,530
Depreciation	41,667
Cost of sales	377,294
Management and administrative fees	49,883
Total operating expenses	906,162
Operating loss	(287,563)
Nonoperating revenues:	
State sources:	
State school lunch program	7,498
Federal sources:	
National school breakfast program	29,574
National school lunch program	212,298
Food donation program	47,050
Interest	1,190
Total nonoperating revenues	297,610
Change in net position	10,047
Total net position-beginning	437,573
Total net position-ending	\$ 447,620

*See accompanying notes to the basic financial statements.*

Princeton Public Schools  
Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2015

	<b>Major Fund</b>
	<b>Food Service</b>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 584,171
Payments to employees	(387,260)
Payments for employee benefits	(35,528)
Payments to suppliers	(474,576)
Net cash used in operating activities	(313,193)
<b>Cash flows from noncapital financing activities</b>	
Cash received from state and federal reimbursements	247,944
Receipts from food donation program	49,587
Net cash provided by noncapital financing activities	297,531
<b>Cash flows from capital and related financing activities</b>	
Acquisition of capital assets	(4,992)
Net cash used in capital and related financing activities	(4,992)
<b>Cash flows from investing activities</b>	
Interest received	1,190
Net cash provided by investing activities	1,190
Net decrease in cash and cash equivalents	(19,464)
Cash and cash equivalents, beginning of year	241,078
Cash and cash equivalents, end of year	\$ 221,614
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (287,563)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	41,667
Change in assets and liabilities:	
Increase in accounts receivable	(38,659)
Increase in inventory	(4,891)
Decrease in accounts payable	(28,198)
Increase in interfund payable	220
Increase in unearned revenue	4,231
Net cash used in operating activities	\$ (313,193)

***Noncash noncapital financing activities:***

The District received \$49,587 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2015.

*See accompanying notes to the basic financial statements.*

# Fiduciary Funds

Princeton Public Schools  
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2015

	<u>Private- Purpose Scholarship Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 30,239	\$ 491,310	\$ 1,093,157
Total assets	<u>30,239</u>	<u>491,310</u>	<u>\$ 1,093,157</u>
<b>Liabilities</b>			
Accounts payable		12,316	
Payroll deductions and withholdings payable			\$ 437,662
Interfund payable			
Summer savings payable			272,374
Due to student groups			383,121
Total liabilities		<u>12,316</u>	<u>\$ 1,093,157</u>
<b>Net Position</b>			
Held in trust for scholarships	<u>\$ 30,239</u>		
Held in trust for unemployment claims and other purposes		<u>\$ 478,994</u>	

*See accompanying notes to the basic financial statements.*

Princeton Public Schools  
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2015

	<b>Private- Purpose Scholarship Fund</b>	<b>Unemployment Compensation Trust</b>
<b>Additions</b>		
Contributions:		
Plan member contributions		\$ 65,187
Total contributions		<u>65,187</u>
Investment earnings:		
Interest	\$ 192	2,784
Total additions	<u>192</u>	<u>67,971</u>
<b>Deductions</b>		
Unemployment benefit payments		111,400
Scholarship payments	5,000	
Total deductions	<u>5,000</u>	<u>111,400</u>
Change in net position	(4,808)	(43,429)
Net position-beginning	35,047	522,423
Net position-ending	<u>\$ 30,239</u>	<u>\$ 478,994</u>

*See accompanying notes to the basic financial statements.*

# Princeton Public Schools

## Notes to the Basic Financial Statements

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies**

The financial statements of the Board of Education (the "Board") of Princeton Public Schools (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are disclosed below:

#### **A. Reporting Entity**

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to Princeton Public Schools in Princeton, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include elementary, junior and senior high schools located in Princeton.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards:

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

- the organization is legally separate (can sue or be sued on 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; or
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency of reporting among the school districts in the State of New Jersey.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, certain legal settlements and capital leases, are recorded only when payment is due.

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

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

*Special Revenue Fund:* The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

*Capital Projects Fund:* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid 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 accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

*Food Service Enterprise Fund:* The food service enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods and services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the unemployment compensation trust fund, private-purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District:

*Trust and Agency Funds:* The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

*Trust Funds:* The unemployment compensation and private-purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contributions from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private-purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges for sales of food, tuition and program fees. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets, if applicable. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheets and statement of net position. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheets and statements of net position and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

#### D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the annual School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution and certain others require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition in the general fund of the last two state aid payments for budgetary purposes and the treatment of encumbrances in the 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.

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

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies (continued)**

also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

#### **E. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, amounts on deposit, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

#### **F. Interfund Receivables/Payables**

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.

#### **G. Inventories**

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2015, the unused Food Donation Program commodities of \$2,931 are reported as unearned revenue in the Enterprise Fund.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### H. Capital Assets

Capital assets, which include land, construction in progress, land improvement, buildings and building improvements and machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Capital assets, being depreciated, of the District are depreciated using the straight-line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	25-50
Machinery and equipment	5-20
Vehicles	5-10
Computer software	5

#### I. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2015, the amount earned by these employees but not disbursed was \$272,374 and is included in liabilities – summer savings payable in the fiduciary fund.

#### J. Deferred Outflows/Inflows of Resources

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

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

the District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

#### K. Compensated Absences

A liability for compensated absences that is attributable to services already rendered and that is 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. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees earn vacation and sick leave in varying amounts under the District’s existing collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$5,725,166 at June 30, 2015. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### L. Deferred Loss on Defeasance of Debt

Deferred loss on defeasance of debt arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2015, the District has recorded an unamortized balance of \$1,243,836 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2015 was \$177,690.

#### M. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. Unearned revenue in the food service enterprise fund represents unused food donation commodities and student deposits made for the use of purchasing food in a future period.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

#### N. Long-Term Obligations

In the government-wide financial statements, and enterprise fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

#### O. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

- used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
  - 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$8,164,203 of fund balance in the General Fund, \$2,386,002 has been restricted in the capital reserve account, \$147,897 has been restricted for excess surplus-current year, \$446,108 of prior year excess surplus has been restricted for subsequent year's expenditures, \$387,128 of encumbrances is assigned to other purposes, \$2,375,000 has been classified as assigned fund balance designated for subsequent year's expenditures, \$5,558 has been classified as assigned fund balance designated for subsequent year's expenditures-ARRA Semi and \$2,416,510 is unassigned. The Capital Projects Fund fund balance is \$2,076,811, which is restricted for capital projects. The Debt Service Fund fund balance is \$39,218, which is restricted for debt service.

### P. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance of the general fund 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 District has excess fund balance generated during the 2015 fiscal year

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies (continued)**

in the amount of \$147,897, which will be designated and appropriated in the 2016-17 budget.

### **Q. Net Position**

Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources and liabilities in the Government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the Government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

### **R. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **S. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$7,265,391 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

### **T. GASB Pronouncements**

#### **GASBs Implemented in the 2015 Fiscal Year**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (“GASB No. 68”). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 1. Summary of Significant Accounting Policies (continued)

governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement replaces the requirement of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* (“GASB 71”). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement will eliminate the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **1. Summary of Significant Accounting Policies (continued)**

contributing entity determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

### **U. Subsequent events**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and December 9, 2015, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

### **2. Reconciliation of Government-Wide and Fund Financial Statements**

#### **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 2. Reconciliation of Government-Wide and Fund Financial Statements (continued)

The details of this \$43,310,892 difference are as follows:

Bonds payable	\$	36,130,000
Unamortized premium on bonds		1,455,726
Compensated absences		5,725,166
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>43,310,892</u>

### 3. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and 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.

## Princeton Public Schools

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **3. Deposits and Investments (continued)**

##### **Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund, and the New Jersey Asset and Rebate Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk. At June 30, 2015, the District's carrying value of its deposits was \$11,763,310 and the bank balance was \$13,290,313.

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2015 were secured by federal depository insurance and \$11,870,429 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$1,169,884 held in the District's agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 3. Deposits and Investments (continued)

institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

#### Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

*Custodial Credit Risk:* The District does not have a policy for custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution.

*Credit Risk:* The District does not have an investment policy regarding the management of 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 investments guaranteed by the U.S. government.

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. At June 30, 2015, the District had no investments.

*Interest Rate Risk:* The District does not have a policy to limit interest rate risk. The District did not have any funds held as investments during the year ended June 30, 2015.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2015:

	Beginning Balance	Increases	Reclasses	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 195,190			\$ 195,190
Construction in progress	10,010,007	\$ 10,450	\$ (9,242,281)	778,176
Total capital assets, not being depreciated	10,205,197	10,450	(9,242,281)	973,366
Capital assets, being depreciated				
Land improvements	596,300			596,300
Buildings and building improvements	107,642,572	1,413,969	9,242,281	118,298,822
Machinery, equipment, and vehicles	5,381,024	323,756		5,704,780
Total capital assets being depreciated	113,619,896	1,737,725	9,242,281	124,599,902
Less accumulated depreciation for:				
Land improvements	596,300			596,300
Buildings and building improvements	26,247,066	3,031,851		29,278,917
Machinery, equipment, and vehicles	3,687,822	482,265		4,170,087
Total accumulated depreciation	30,531,188	3,514,116		34,045,304
Total capital assets being depreciated, net	83,088,708	(1,776,391)	9,242,281	90,554,598
Governmental activities capital assets, net	\$ 93,293,905	\$ (1,765,941)	\$ -	\$ 91,527,964

Depreciation expense was charged to functions/programs of the District as follows:

Instruction	\$ 2,108,230
Attendance/social work	8,301
Health services	37,547
Other support services	382,319
Improvement of instruction	15,116
Other support -- instructional staff	60,785
School library	96,228
General administration	48,797
School administration	157,467
Central services	60,255
Information technology	5,499
Required maintenance of plant services	66,004
Operation of plant	299,613
Student transportation	167,955
	<u>\$ 3,514,116</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**4. Capital Assets (continued)**

The following is a summary of business-type activities changes in capital assets for the year ended June 30, 2015.

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Ending Balance</b>
<b>Business-type activities</b>			
Capital assets, being depreciated:			
Equipment	\$ 845,986	\$ 4,992	\$ 850,978
Less accumulated depreciation for:			
Equipment	597,257	41,667	638,924
Total accumulated depreciation	597,257	41,667	638,924
Total business-type activities capital assets, net	<u>\$ 248,729</u>	<u>\$ (36,675)</u>	<u>\$ 212,054</u>

**5. Long-Term Liabilities**

**Bonds Payable**

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

Bonds payable at June 30, 2015 are comprised of the following issues:

\$40,165,000, 2009 refunding bonds, due in annual installments ranging from \$3,465,000 to \$4,360,000 through February 1, 2022 at interest rates ranging from 3.00% to 4.75%. These bonds were issued to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2015, \$27,135,000 of this debt remains outstanding.

\$10,980,000, 2013 school improvement bonds, due in annual installments ranging from \$1,030,000 to \$1,225,000 through February 1, 2023 at interest rates ranging from 1.00% to 2.00%. These bonds were issued to finance the school facilities project approved in September 2012.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**5. Long-Term Liabilities (continued)**

Principal and interest due on all serial bonds outstanding are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2016	\$ 4,495,000	\$ 1,193,850	\$ 5,688,850
2017	4,635,000	1,079,600	5,714,600
2018	4,770,000	961,650	5,731,650
2019	4,955,000	800,550	5,755,550
2020	5,150,000	632,875	5,782,875
2021 – 2023	12,125,000	735,100	12,860,100
	<u>\$ 36,130,000</u>	<u>\$ 5,403,625</u>	<u>\$ 41,533,625</u>

**Bonds Authorized But Not Issued**

As of June 30, 2015, the District had no authorized but not issued bonds.

**Changes in Long-term Liabilities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Bonds payable	\$ 40,495,000		\$ 4,365,000	\$ 36,130,000	\$ 4,495,000
Premium on bonds	1,661,830		206,104	1,455,726	206,104
Legal settlement	640,000		640,000		
Compensated absences	5,594,740	\$ 221,383	90,957	5,725,166	452,245
Governmental activity long-term liabilities	<u>\$ 48,391,570</u>	<u>\$ 221,383</u>	<u>\$ 5,302,061</u>	<u>\$ 43,310,892</u>	<u>\$ 5,153,349</u>

Compensated absences are liquidated by expenditures charged to the general fund. Bonds payable are liquidated by expenditures charged to the debt service fund.

During the 2011 fiscal year, the District entered into a settlement agreement to pay a vendor \$4,600,000 for construction claims. According to the agreement, \$3,000,000 was paid in the 2011 fiscal year, with the remaining \$1,600,000 to be paid over the following 5 years in equal installments. During the 2015 fiscal year, the District paid the remaining balance of \$640,000 in its entirety with funds available in the capital projects fund.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **6. Pension Plans**

#### **Description of Systems**

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

#### **Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

#### **Public Employee's Retirement System**

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter

## Princeton Public Schools

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **6. Pension Plans (continued)**

78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be  $1/55^{\text{th}}$  of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be  $1/60^{\text{th}}$  of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

#### **Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

## Princeton Public Schools

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **6. Pension Plans (continued)**

During the year ended June 30, 2015, the State of New Jersey contributed \$4,469,294 to the TPAF for post-retirement medical benefits and pensions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$2,257,622 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the Government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for the years ended June 30, 2015, 2014 and 2013 were \$989,595, \$852,830, and \$858,227, respectively, equal to the required contributions for each year.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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.

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

##### *Public Employee's Retirement System (PERS)*

At June 30, 2015, the District reported a liability of \$22,474,829 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.1200403097 percent, which was an increase of 0.0068547598 from its proportion measured as of June 30, 2013.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

For the year ended June 30, 2015, the District recognized full accrual pension expense of \$1,358,414 in the government-wide financial statements. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 706,729	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 1,339,378
Changes in proportion and differences between District contributions and proportionate share of contributions	1,106,652	-
District contributions subsequent to the measurement date	1,052,890	-
	<u>\$ 2,866,271</u>	<u>\$ 1,339,378</u>

\$1,052,890 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2016	\$ (1,503)
2017	(1,503)
2018	(1,503)
2019	(1,501)
2020	333,342
Thereafter	146,671
	<u>\$ 474,003</u>

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 6. Pension Plans (continued)

#### Additional Information

##### *Actuarial Assumptions*

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

##### *Mortality Rates*

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	<b>At 1% Decrease (4.39%)</b>	<b>At Current Discount Rate (5.39%)</b>	<b>At 1% Increase (6.39%)</b>
District's proportionate share of the net pension liability	\$ 28,274,100	\$ 22,474,829	\$ 17,604,917

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

*Additional Information*

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$ 1,452,705,538
Collective deferred inflows of resources	\$ 2,146,719,012
Collective net pension liability - Local Group	\$ 18,722,735,003
District's Proportion	0.1200403097%

## Princeton Public Schools

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### **6. Pension Plans (continued)**

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is \$968,532,408.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

#### Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2014 was \$167,120,532. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2014, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3126860786 percent, which was an increase of 0.0008649461 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$8,992,654 for contributions incurred by the State.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 6. Pension Plans (continued)

#### *Actuarial assumptions*

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

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

#### *Mortality Rates*

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Fund / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	100.00%	

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**6. Pension Plans (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate*

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>At 1% Decrease (3.68%)</b>	<b>At Current Discount Rate (4.68%)</b>	<b>At 1% Increase (5.68%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 201,002,100	\$ 167,120,532	\$ 138,939,930

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 6. Pension Plans (continued)

#### Additional Information

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	\$	2,389,959,068
Collective deferred inflows of resources	\$	1,846,540,800
Collective net pension liability - Local Group	\$	53,813,067,539
State's proportionate share associated with the District		0.3126860786%

Collective pension expense for the plan for the measurement period ended June 30, 2014 is \$2,906,835,786.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 8.5 years.

### 7. Post-Retirement Benefits

#### Plan Description

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

## Princeton Public Schools

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

#### 7. Post-Retirement Benefits (continued)

##### Funding Policy

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the state contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2015, 2014 and 2013 were \$2,742,031, \$2,168,881, and \$2,278,284, respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **8. Risk Management**

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

#### **Property and Liability Insurance**

The District participates in the Burlington County Joint Insurance Fund for its insurance coverage for property, liability, student accident and other types of liabilities and does not retain risk of loss. Under the JIF, the District is assessed an annual premium. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

#### **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.

### **9. Deferred Compensation**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the District and various insurance companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

Participants' rights under the plan are equal to those of general creditors in an amount equal to the fair market value of the deferred account of each participant. The District has no liability for losses under the plan.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2015 are as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 191,895	\$ 25,334
Special Revenue Fund		5,818
Capital Projects Fund		225,294
Debt Service Fund	39,217	
Food Service Enterprise Fund	25,334	
	<u>\$ 256,446</u>	<u>\$ 256,446</u>

The interfunds between the debt service fund and capital projects fund represent interest earned on investments in the capital projects fund that must be transferred to either the general fund or debt service fund by statute. The interfund between the general fund and the food service enterprise fund represents federal and state reimbursements received by the general fund which were not transferred to the food service fund until July 2015. The interfund between the general fund and capital projects fund represents the return of proceeds for completed projects to their original local sources.

All interfunds are expected to be repaid within one year.

### 11. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

### 12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In addition, the District received funding from the New Jersey Schools Development Authority (NJSDA), in connection with certain approved projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### **12. Contingent Liabilities (continued)**

final eligible costs requirements, refunds of any money received may be required. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The District settled a claim during fiscal year 2011 in the amount of \$4,600,000 with a contractor. The remaining \$640,000 was paid by the District during the 2015 fiscal year and there is no related payable at June 30, 2015. The District, from time to time, may become involved in other claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, there are no matters which will have a material adverse effect on the financial position of the District.

### **13. Capital Reserve Account**

A capital reserve account was established by the District by inclusion of \$1,275,000 in June 2002 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). 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 the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**13. Capital Reserve Account (continued)**

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$ 3,441,621
Withdrawals:	
Transferred to Capital Projects Fund	(773,050)
Withdrawal for locally funded projects	(714,320)
Deposits:	
Amount budgeted in capital outlay in 2014-15 budget and not utilized in 2014-15	247,420
Return of unused capital reserve funds for completed projects	184,331
Ending balance, June 30, 2015	<u>\$ 2,386,002</u>

Of the balance of \$2,386,002 at June 30, 2015, \$1,164,795 has been appropriated in the 2015-16 approved budget. The balance in the capital reserve does not exceed the LRFPP balance of local support costs of uncompleted capital projects at June 30, 2015.

**14. Deficit Fund Balances**

The District has a deficit fund balance of \$4,950 in the Special Revenue Fund as of June 30, 2015 as 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 last state aid payment 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, expenditures 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 last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

### 15. Transfers

The following presents a reconciliation of transfers during the 2015 fiscal year:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 186,077	\$ 773,050
Capital Projects Fund	773,050	201,120
Debt Service Fund	15,043	
	<u>\$ 974,170</u>	<u>\$ 974,170</u>

The transfer out of the general fund relates to the amount of local funds that were transferred to the capital projects fund for capital projects that were partially funded by New Jersey Schools Development Authority grants. The transfer out of capital projects fund to the general fund relates to the return of unused funding sources from a close-out of capital projects for \$184,331, as well as a transfer of interest in the amount of \$1,746. The transfer out of the capital projects fund to the debt service fund relates to the interest earned on the funds invested relating to its construction projects. The District is not permitted to spend the interest earned on capital projects, but the District may use the interest to pay down the debt or use for general fund purposes. As a result, the District transferred the remaining interest earned relating to the bond issuance to the debt service fund to pay down outstanding debt.

### 16. Restricted Assets

The funds set aside for the capital reserve are classified as restricted assets (cash and cash equivalents) as they are restricted for use for future capital requirements.

### 17. Commitments

The District has active construction projects as of June 30, 2015 relating to the approved referendum projects, which include additions and renovations at all schools. At June 30, 2015, the District's commitments with contractors amounted to \$176,774, which is reported as a component of fund balance restricted for capital projects on the balance sheet in the capital projects fund. The District also has contracts with several vendors for goods and services that have not been received as of June 30, 2015. These encumbrances, in the amount of \$387,128 are recorded as assigned to other purposes on the general fund balance sheet.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

**18. Net Position - Net Investment in Capital Assets**

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$55,851,942 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 91,527,964
Bonds payable (used to build or acquire capital assets)	(35,464,132)
Deferred loss on defeasance of debt	1,243,836
Unamortized deferred premium	<u>(1,455,726)</u>
Total net investment in capital assets	<u><u>\$ 55,851,942</u></u>

**19. Change in Accounting Principle / Restatement**

Effective in the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*.

The implementation of the Statements required a restatement of prior year net position in the government-wide financial statements.

	<b>Governmental Activities</b>
Beginning Net Position - June 30, 2014	<u>\$ 57,984,687</u>
Adjustments:	
Recognition of Net Pension Liability	(21,632,007)
Deferred outflow for PERS FY2015 Pension Payment	989,595
Accounts payable for PERS FY2015 Pension Payment	<u>(989,595)</u>
Adjustment	<u>(21,632,007)</u>
Beginning Net Position - June 30, 2014 (as restated)	<u><u>\$ 36,352,680</u></u>

Required Supplementary Information  
Part II

Princeton Public Schools  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Public Employee's Retirement System

Last Ten Fiscal Years\*

	Year Ended June 30, 2015
District's proportion of the net pension liability (asset) - Local Group	0.1200403097%
District's proportionate share of the net pension liability (asset)	\$ 22,474,829
District's covered-employee payroll	\$ 9,157,896
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	245.41%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	52.08%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014.

Princeton Public Schools  
 Schedule of District Contributions  
 Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30, 2015
Contractually required contribution	\$ 1,052,890
Contributions in relation to the contractually required contribution	(1,052,890)
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 9,157,896
 Contributions as a percentage of covered-employee payroll	11.50%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Princeton Public Schools  
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District  
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years\*

	Year Ended June 30, 2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3126860786%
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 167,120,532
Total proportionate share of the net pension liability (asset) associated with the District	\$ 167,120,532
Plan fiduciary net position as a percentage of the total pension liability	33.64%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014.

Required Supplementary Information  
Part III

Budgetary Comparison Schedules

Princeton Public Schools  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 65,996,845		\$ 65,996,845	\$ 65,996,845	
Tuition	4,971,947		4,971,947	5,001,131	\$ 29,184
Interest on investments	72,000		72,000	69,803	(2,197)
Transportation-Hazardous routes	182,000		182,000	170,062	(11,938)
Miscellaneous	323,500		323,500	404,436	80,936
Total revenues - local sources	71,546,292		71,546,292	71,642,277	95,985
State sources:					
Special education categorical aid	2,107,628		2,107,628	2,107,628	
Extraordinary aid	375,000		375,000	1,438,125	1,063,125
Security categorical aid	299,807		299,807	299,807	
Adjustment aid	107,606		107,606	107,606	
Transportation categorical aid	846,497		846,497	846,497	
On-behalf TPAF pension contributions				4,469,294	4,469,294
Reimbursed TPAF social security contributions				2,257,622	2,257,622
PARCC readiness aid	34,020		34,020	34,020	
Per pupil growth aid	34,020		34,020	34,020	
Non-public transportation				38,651	38,651
Total - state sources	3,804,578		3,804,578	11,633,270	7,828,692
Federal sources:					
Medicaid reimbursement	19,168		19,168	11,654	(7,514)
Total - Federal sources	19,168		19,168	11,654	(7,514)
<b>Total revenues</b>	<b>75,370,038</b>		<b>75,370,038</b>	<b>83,287,201</b>	<b>7,917,163</b>
<b>Expenditures</b>					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	930,036	\$ 103,963	1,033,999	1,033,939	60
Grades 1-5	6,894,710	28,672	6,923,382	6,922,812	570
Grades 6-8	3,792,691	(64,583)	3,728,108	3,728,107	1
Grades 9-12	8,134,329	105,518	8,239,847	8,239,847	
Home instruction:					
Salaries of teachers	33,000	2,460	35,460	35,460	
Purchased professional-educational services	35,000	200	35,200	23,863	11,337
Undistributed instruction:					
Other salaries for instruction	1,303,873	(148,589)	1,155,284	1,149,220	6,064
Purchased professional-educational services	199,053	6,448	205,501	179,773	25,728
Other purchased services	322,731	(1,625)	321,106	264,241	56,865
General supplies	1,191,505	(46,106)	1,145,399	1,114,652	30,747
Textbooks	199,186	(30,391)	168,795	159,179	9,616
Other objects	142,774	(9,082)	133,692	112,081	21,611
Total instruction - regular programs	23,178,888	(53,115)	23,125,773	22,963,174	162,599
Special education:					
Autism:					
Salaries of teachers	548,624	(12,465)	536,159	535,637	522
Other salaries for instruction	665,388	(38,397)	626,991	626,991	
General supplies	12,504		12,504	8,069	4,435
Other objects	2,875		2,875	1,455	1,420
Total autism	1,229,391	(50,862)	1,178,529	1,172,152	6,377

Princeton Public Schools  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Special education (continued):					
Learning and/or language disabilities:					
Salaries of teachers	\$ 209,273	\$ 16,483	\$ 225,756	\$ 225,756	
Other salaries for instruction	63,208	(13,106)	50,102	50,102	
General supplies	1,575		1,575	1,575	
Other objects	875		875	373	\$ 502
Total Language and/or language disabilities	274,931	3,377	278,308	277,806	502
Visual impairments:					
Salaries of teachers	59,578	(53,737)	5,841	5,841	
Total Visual impairments	59,578	(53,737)	5,841	5,841	
Behavioral disabilities:					
Salaries of teachers	60,343	(6,213)	54,130	54,130	
Total behavioral disabilities	60,343	(6,213)	54,130	54,130	
Resource room/center:					
Salaries of teachers	2,793,316	134,254	2,927,570	2,926,018	1,552
Other salaries for instruction	1,226,541	79,935	1,306,476	1,306,476	
General supplies	11,842	(1,700)	10,142	8,088	2,054
Total resource room/center	4,031,699	212,489	4,244,188	4,240,582	3,606
Preschool disabilities - part-time:					
Salaries of teachers	190,148	767	190,915	190,915	
Other salaries for instruction	115,567	21,736	137,303	137,303	
General supplies	1,816	800	2,616	2,481	135
Total preschool disabilities - part time	307,531	23,303	330,834	330,699	135
Total special education	5,963,473	128,357	6,091,830	6,081,210	10,620
Bilingual education:					
Salaries of teachers	812,712	2,646	815,358	811,268	4,090
Other salaries of instruction	62,695	(1,542)	61,153	61,153	
General supplies	1,441	1,190	2,631	1,832	799
Textbooks	1,190	(1,190)			
Total bilingual education	878,038	1,104	879,142	874,253	4,889
Basic skills/remedial instruction:					
Salaries of teachers	1,060,596	(54,646)	1,005,950	1,005,923	27
Other salaries of instruction	120,317	(49,295)	71,022	69,928	1,094
Total basic skills/remedial instruction	1,180,913	(103,941)	1,076,972	1,075,851	1,121
School-sponsored cocurricular activities:					
Salaries	244,655	3,186	247,841	236,059	11,782
Purchased services	5,000	(1,113)	3,887	3,887	
Supplies and materials	9,217	1,113	10,330	10,111	219
Other objects	5,940	3,146	9,086	9,085	1
Total school-sponsored cocurricular activities	264,812	6,332	271,144	259,142	12,002

Princeton Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
School-sponsored athletics - instruction:					
Salaries	\$ 841,689	\$ 24,501	\$ 866,190	\$ 841,179	\$ 25,011
Purchased services	121,296	(17,685)	103,611	92,532	11,079
Supplies and materials	56,469	(3,688)	52,781	42,460	10,321
Other objects	23,115	3,047	26,162	22,453	3,709
Total school-sponsored athletics - instruction	1,042,569	6,175	1,048,744	998,624	50,120
Other supplemental - instruction:					
Salaries of reading specialists	66,721	1,313	68,034	68,034	
Total other supplemental - instruction	66,721	1,313	68,034	68,034	
Total instruction	32,575,414	(13,775)	32,561,639	32,320,288	241,351
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	46,900	(45,634)	1,266	1,265	1
Tuition to county voc. school dist.-regular	186,812	(97,971)	88,841	84,525	4,316
Tuition to CSSD and regional day schools	424,821	321,173	745,994	745,994	
Tuition to private school for the disabled - within state	1,582,797	120,468	1,703,265	1,665,281	37,984
Tuition to private school for the disabled and other LEAs-special-outside state	276,046	147,967	424,013	423,382	631
Tuition - other	326,040	(80,821)	245,219	245,219	
Total undistributed instruction	2,843,416	365,182	3,208,598	3,165,666	42,932
Attendance and social work services:					
Salaries	144,088		144,088	144,087	1
Other purchased services	1,200		1,200	974	226
Total attendance and social work service	145,288		145,288	145,061	227
Health services:					
Salaries	560,028	51,722	611,750	611,457	293
Purchased professional and technical services	36,000	(8,200)	27,800	27,800	
Supplies and materials	25,430	(8,308)	17,122	16,865	257
Total health services	621,458	35,214	656,672	656,122	550
Speech, OT, PT & related services:					
Salaries	1,009,713	33,542	1,043,255	1,043,255	
Supplies and materials	8,730	(473)	8,257	6,625	1,632
Total speech, OT, PT & related services	1,018,443	33,069	1,051,512	1,049,880	1,632

Princeton Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Other support services - students - extra services:					
Salaries	\$ 103,208	\$ (1,559)	\$ 101,649	\$ 101,649	
Total other support services - students - extra services	103,208	(1,559)	101,649	101,649	
Guidance:					
Salaries of other professional staff	1,341,157	16,435	1,357,592	1,354,707	\$ 2,885
Salaries of secretarial and clerical assistants	211,204	1,639	212,843	212,842	1
Other salaries	29,950		29,950	26,857	3,093
Other purchased services	6,875	(6)	6,869	555	6,314
Supplies and materials	9,909	3,623	13,532	13,121	411
Other objects	1,105		1,105	510	595
Total guidance	1,600,200	21,691	1,621,891	1,608,592	13,299
Child study teams:					
Salaries of other professional staff	2,129,880	(184,545)	1,945,335	1,944,857	478
Salaries of secretarial and clerical assistants	169,707	(1,983)	167,724	167,723	1
Other salaries	116,000	112,100	228,100	208,760	19,340
Purchased professional - educational services	1,081,700	(433,072)	648,628	476,867	171,761
Residential costs	149,369	1,394	150,763	117,900	32,863
Miscellaneous purchased services	43,910	4,503	48,413	34,955	13,458
Supplies and materials	40,565	22,877	63,442	62,993	449
Other objects	1,550		1,550	1,070	480
Total child study teams	3,732,681	(478,726)	3,253,955	3,015,125	238,830
Improvement of instructional services:					
Salaries of secretarial and clerical assistants	125,237		125,237	125,237	
Salaries of facilitators, math, literacy coaches	93,791	26,000	119,791	101,649	18,142
Other purchased services	16,340		16,340	7,674	8,666
Supplies and materials	9,922	(1,606)	8,316	7,627	689
Other objects	20,345	1,621	21,966	21,966	
Total improvement of instructional services	265,635	26,015	291,650	264,153	27,497
Educational media services/school library:					
Salaries	1,459,931	(90,822)	1,369,109	1,290,117	78,992
Purchased professional and technical services	62,000	(7,287)	54,713	53,194	1,519
Other purchased services	99,000	(6,074)	92,926	76,751	16,175
Supplies and materials	291,769	12,246	304,015	261,501	42,514
Total educational media services/school library	1,912,700	(91,937)	1,820,763	1,681,563	139,200

Princeton Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of supervisors of instruction	\$ 939,891	(33,000)	\$ 906,891	\$ 851,915	\$ 54,976
Salaries of other professional staff	174,709	1	174,710	100,838	73,872
Salaries of secretarial and clerical assist.	110,157		110,157	108,374	1,783
Purchased professional - educational services		1,075	1,075	1,074	1
Total instructional staff training services	1,224,757	(31,924)	1,192,833	1,062,201	130,632
Support services-general administration:					
Salaries	418,668	(4,183)	414,485	407,990	6,495
Other purchased professional services	329,223	7,900	337,123	263,928	73,195
Communications/telephone	110,000	35,300	145,300	116,664	28,636
BOE other purchased services	250		250		250
Other purchased services	21,370		21,370	6,543	14,827
General supplies	33,927	4,020	37,947	17,310	20,637
Miscellaneous expenditures	13,000	1,904	14,904	13,630	1,274
BOE membership dues and fees	30,000	(1,820)	28,180	26,663	1,517
Total support services-general administration	956,438	43,121	999,559	852,728	146,831
Support services-school administration:					
Salaries of principals/ assistant principals	1,738,352	45,426	1,783,778	1,783,704	74
Salaries of secretarial and clerical assistants	804,353	1,890	806,243	806,241	2
Other salaries	8,075	5,200	13,275	10,607	2,668
Other purchased services	3,934	25,787	29,721	28,817	904
Supplies and materials	50,209	20,443	70,652	61,843	8,809
Other objects	101,630	58	101,688	60,500	41,188
Total support services-school administration	2,706,553	98,804	2,805,357	2,751,712	53,645
Central services:					
Salaries	914,871	23,309	938,180	932,241	5,939
Purchased professional services	38,800	(9,461)	29,339	15,390	13,949
Purchased technical services	31,500		31,500	23,245	8,255
Miscellaneous purchased services	57,200		57,200	36,325	20,875
Supplies and materials	103,920	(30,914)	73,006	42,878	30,128
Miscellaneous expenditures	9,800	(4,816)	4,984	2,874	2,110
Total central services	1,156,091	(21,882)	1,134,209	1,052,953	81,256
Administration information technology:					
Salaries	96,093		96,093	96,093	
Total administration information technology	96,093		96,093	96,093	
Operation and maintenance of plant services:					
Required maintenance for school facilities:					
Salaries	508,657	(6,158)	502,499	482,660	19,839
Cleaning, repair and maintenance services	568,726	137,149	705,875	575,157	130,718
Travel	600		600	113	487
General supplies	111,591	(22,281)	89,310	83,140	6,170
Other objects	6,500	5,862	12,362	12,335	27
Total required maintenance for school facilities	1,196,074	114,572	1,310,646	1,153,405	157,241

Princeton Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Operation and maintenance of plant services (continued):					
Custodial services:					
Salaries	\$ 1,882,158	\$ 176,790	\$ 2,058,948	\$ 2,006,809	\$ 52,139
Salaries of non-instructional aides	107,971	6,508	114,479	105,711	8,768
Purchased professional and technical services	23,105	2,779	25,884	22,286	3,598
Cleaning, repair and maintenance services	424,540	(354,231)	70,309	68,666	1,643
Other purchased property services	105,600	15,096	120,696	120,695	1
Insurance	244,737	10,060	254,797	254,797	
General supplies	163,528	5,338	168,866	168,627	239
Energy (electricity)	1,071,000	42,000	1,113,000	1,009,898	103,102
Energy (natural gas)	422,000	57,291	479,291	466,521	12,770
Total custodial services	4,444,639	(38,369)	4,406,270	4,224,010	182,260
Care & upkeep of grounds:					
Salaries	287,249	11,031	298,280	295,348	2,932
Cleaning, repair and maintenance services	20,000	(2,721)	17,279	16,824	455
General supplies	30,000	4,118	34,118	32,098	2,020
Total care & upkeep of grounds	337,249	12,428	349,677	344,270	5,407
Security:					
Salaries	141,435	27,000	168,435	143,373	25,062
General supplies	37,500		37,500	35,554	1,946
Total security	178,935	27,000	205,935	178,927	27,008
Total operations and maintenance of plant	6,156,897	115,631	6,272,528	5,900,612	371,916
Student transportation services:					
Salaries of non-instructional aides	101,908	(3,402)	98,506	98,506	
Salaries for pupil transportation:					
Between home and school - regular	302,732	1,146	303,878	303,878	
Between home and school - special	205,500	25,394	230,894	230,894	
Other than between home and school	40,480	(9,817)	30,663	18,470	12,193
Cleaning repair and maintenance services	83,050	25,689	108,739	103,739	5,000
Lease purchase payments - school buses	15,000	(15,000)			
Contracted services:					
Between home and school - vendors	986,450	(139,778)	846,672	772,911	73,761
Other than between home and school - vendors	265,413	9,684	275,097	223,611	51,486
Special ed stds- vendors	681,135	24,089	705,224	684,744	20,480
Special ed stds- joint agreements	260,000	(34,089)	225,911	191,449	34,462
Aid in lieu of payments	97,240	75,137	172,377	136,092	36,285
Miscellaneous purchased services	36,500		36,500	36,189	311
General supplies	94,100	2,382	96,482	61,058	35,424
Transportation supplies	19,000	9,265	28,265	25,370	2,895
Other objects	7,150		7,150	4,765	2,385
Total student transportation services	3,195,658	(29,300)	3,166,358	2,891,676	274,682

Princeton Public Schools  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Unallocated benefits - employee benefits					
Social security contributions	\$ 980,000	\$ 111,729	\$ 1,091,729	\$ 1,087,290	\$ 4,439
Other retirement contributions - regular	1,130,000	(116,400)	1,013,600	1,012,468	1,132
Workers' compensation	410,323	(10,060)	400,263	400,263	
Health benefits	9,841,600	223,952	10,065,552	10,065,552	
Tuition reimbursement	95,000	(49,399)	45,601	45,601	
Total unallocated benefits	12,456,923	159,822	12,616,745	12,611,174	5,571
On-behalf TPAF pension contributions (non-budgeted)				4,469,294	(4,469,294)
Reimbursed TPAF social security (non-budgeted) contributions				2,257,622	(2,257,622)
Total on-behalf payments				6,726,916	(6,726,916)
Total undistributed expenditures	40,192,439	243,221	40,435,660	45,633,876	(5,198,216)
Total expenditures - current	72,767,853	229,446	72,997,299	77,954,164	(4,956,865)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Grades 6-8		17,050	17,050	17,050	
Grades 9-12		25,729	25,729	25,729	
Undistributed:					
Support service - instructional staff	5,000	19,665	24,665	24,665	
Undistributed expenditures-care & upkeep of grounds		13,760	13,760		13,760
Student transportation services		43,318	43,318	43,318	
Total equipment	5,000	119,522	124,522	110,762	13,760
Facilities acquisition and construction services:					
Architectural/engineering services	83,548		83,548	46,357	37,191
Construction services	630,772		630,772	202,359	428,413
Other objects - debt service assessment	239,765		239,765	239,765	
Total facilities acquisition and construction services	954,085		954,085	488,481	465,604
Total expenditures - capital outlay	959,085	119,522	1,078,607	599,243	479,364

Princeton Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Contributions to charter school	\$ 5,012,896	\$ (113,237)	\$ 4,899,659	\$ 4,899,659	
Total charter school	5,012,896	(113,237)	4,899,659	4,899,659	
Total expenditures	78,739,834	235,731	78,975,565	83,453,066	\$ (4,477,501)
(Deficiency) excess of revenues (under) over expenditures	(3,369,796)	(235,731)	(3,605,527)	(165,865)	3,439,662
Other financing sources (uses):					
Transfers out	(773,050)		(773,050)	(773,050)	
Transfers in				186,077	186,077
Total other financing sources (uses)	(773,050)		(773,050)	(586,973)	186,077
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(4,142,846)	(235,731)	(4,378,577)	(752,838)	3,625,739
Fund balances, July 1	9,152,291		9,152,291	9,152,291	
Fund balances, June 30	\$ 5,009,445	\$ (235,731)	\$ 4,773,714	\$ 8,399,453	\$ 3,625,739
<b>Recapitulation of (deficiency) excess of revenues (under) over expenditures</b>					
Budgeted fund balance	\$ (2,662,476)		\$ (2,662,476)	\$ 538,512	\$ 3,200,988
Net increase (decrease) in capital reserve	(1,480,370)		(1,480,370)	(1,055,619)	424,751
Adjustment for prior year encumbrances		(235,731)	(235,731)	(235,731)	
Total	\$ (4,142,846)	\$ (235,731)	\$ (4,378,577)	\$ (752,838)	\$ 3,625,739
Recapitulation of fund balance:					
Capital reserve account - restricted				\$ 2,386,002	
Excess surplus - current year - restricted				147,897	
Excess surplus designated for subsequent years - restricted				446,108	
Designated for subsequent year's expenditures - assigned				2,375,000	
Designated for subsequent year's expenditures - assigned - Semi				5,558	
Year end encumbrances - assigned				387,128	
Unassigned				2,651,760	
				8,399,453	
Reconciliation to Government Funds statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(235,250)	
Fund balance per Governmental Funds (GAAP)				\$ 8,164,203	

Princeton Public Schools  
Special Revenue Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
State sources	\$ 569,970	\$ 250,459	\$ 820,429	\$ 677,942	\$ (142,487)
Federal sources	1,172,630	536,485	1,709,115	1,400,024	(309,091)
Local sources		169,383	169,383	126,280	(43,103)
Total revenues	<u>1,742,600</u>	<u>956,327</u>	<u>2,698,927</u>	<u>2,204,246</u>	<u>(494,681)</u>
<b>Expenditures</b>					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	49,500	272,177	321,677	281,493	40,184
Purchased professional services	164,992	(28,508)	136,484	131,239	5,245
Other purchased services		511,702	511,702	509,557	2,145
General supplies	229,630	(44,693)	184,937	153,501	31,436
Textbooks	120,659	34,548	155,207	143,874	11,333
Other objects	43,996	71,934	115,930	103,480	12,450
Total instruction	<u>608,777</u>	<u>817,160</u>	<u>1,425,937</u>	<u>1,323,144</u>	<u>102,793</u>
Support services:					
Salaries		49,846	49,846	20,968	28,878
Personal services—employee benefits		27,267	27,267	21,006	6,261
Purchased professional services	32,616	735,929	768,545	526,430	242,115
Other purchased professional services	1,020,661	(620,046)	400,615	294,549	106,066
Supplies and materials		13,759	13,759	6,082	7,677
Other objects	80,546	(67,588)	12,958	12,067	891
Total support services	<u>1,133,823</u>	<u>139,167</u>	<u>1,272,990</u>	<u>881,102</u>	<u>391,888</u>
Total expenditures	<u>1,742,600</u>	<u>956,327</u>	<u>2,698,927</u>	<u>2,204,246</u>	<u>494,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Princeton Public Schools  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2015

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 83,287,201	\$ 2,204,246
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		11,946
Current year		(22,840)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	276,943	4,950
Current year	(235,250)	(4,950)
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 83,328,894</u>	<u>\$ 2,193,352</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 83,453,066	\$ 2,204,246
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		11,946
Current year		(22,840)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 83,453,066</u>	<u>\$ 2,193,352</u>

## Supplementary Information

# Special Revenue Fund

Princeton Public Schools  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2015

	Nonpublic Aid						
	Textbooks	Nursing	Auxiliary	Handicapped	Technology	NJ Achievement Coach	Preschool Education Aid
Revenues:							
State sources	\$ 143,874	\$ 202,744	\$ 62,439	\$ 136,155	\$ 82,153	\$ 1,077	\$ 49,500
Federal sources							
Local sources							
Total revenues	\$ 143,874	\$ 202,744	\$ 62,439	\$ 136,155	\$ 82,153	\$ 1,077	\$ 49,500
Expenditures:							
Instruction:							
Salaries of teachers							\$ 49,500
Purchased professional services			\$ 62,439	\$ 65,560			
Other purchased services							
General supplies							
Textbooks	\$ 143,874						
Other objects					\$ 82,153		
Total instruction	143,874		62,439	65,560	82,153		49,500
Undistributed:							
Support services:							
Salaries						\$ 1,000	
Personal services—employee benefits						77	
Purchased professional services							
Other purchased professional services		\$ 202,744		70,595			
Supplies and materials							
Other objects							
Total support services		202,744		70,595		1,077	
Total expenditures	\$ 143,874	\$ 202,744	\$ 62,439	\$ 136,155	\$ 82,153	\$ 1,077	\$ 49,500

Princeton Public Schools  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2015

	Title I		Title II A	
	Part A Current	Carryover	Current	
<b>Revenues:</b>				
State sources				
Federal sources	\$ 219,730	\$ 56,197	\$	83,754
Local sources				
<b>Total revenues</b>	<b>\$ 219,730</b>	<b>\$ 56,197</b>	<b>\$</b>	<b>83,754</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries of teachers	\$ 164,053	\$ 25,272		
Purchased professional services	2,832	408		
Other purchased services	2,950			
General supplies	20,999	20,197		
Textbooks				
Other objects				
<b>Total instruction</b>	<b>190,834</b>	<b>45,877</b>		
<b>Undistributed:</b>				
<b>Support services:</b>				
Salaries	1,353	3,498	\$	15,117
Personal services-employee benefits	12,622	2,232		1,157
Purchased professional services	6,075	1,145		51,300
Other purchased professional services	7,560	1,598		2,299
Supplies and materials	1,216	1,847		1,884
Other objects	70			11,997
<b>Total support services</b>	<b>28,896</b>	<b>10,320</b>		<b>83,754</b>
<b>Total expenditures</b>	<b>\$ 219,730</b>	<b>\$ 56,197</b>	<b>\$</b>	<b>83,754</b>

Princeton Public Schools  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2015

	Title III		I.D.E.I.A.	
	Current	Immigrant	Part B Basic	Preschool
Revenues:				
State sources				
Federal sources	\$ 32,088	\$ 41,398	\$ 938,736	\$ 28,121
Local sources				
Total revenues	\$ 32,088	\$ 41,398	\$ 938,736	\$ 28,121
Expenditures:				
Instruction:				
Salaries of teachers	\$ 1,266	\$ 33,189		
Purchased professional services				
Other purchased services			\$ 494,280	\$ 12,327
General supplies	8,685	1,982	13,866	
Textbooks				
Other objects	540	787		
Total instruction	10,491	35,958	508,146	12,327
Undistributed:				
Support services:				
Salaries				
Personal services-employee benefits	97	4,295		
Purchased professional services	21,500		430,590	15,794
Other purchased professional services		1,145		
Supplies and materials				
Other objects				
Total support services	21,597	5,440	430,590	15,794
Total expenditures	\$ 32,088	\$ 41,398	\$ 938,736	\$ 28,121

Princeton Public Schools  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2015

	Confucious Classroom	PEF Grant	Other Local	Totals
<b>Revenues:</b>				
State sources				\$ 677,942
Federal sources				1,400,024
Local sources	\$ 12,905	\$ 82,843	\$ 30,532	126,280
<b>Total revenues</b>	<b>\$ 12,905</b>	<b>\$ 82,843</b>	<b>\$ 30,532</b>	<b>\$ 2,204,246</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries of teachers		\$ 6,873	\$ 1,340	\$ 281,493
Purchased professional services				131,239
Other purchased services				509,557
General supplies	\$ 10,660	47,920	29,192	153,501
Textbooks				143,874
Other objects		20,000		103,480
<b>Total instruction</b>	<b>10,660</b>	<b>74,793</b>	<b>30,532</b>	<b>1,323,144</b>
<b>Undistributed:</b>				
<b>Support services:</b>				
Salaries				20,968
Personal services-employee benefits		526		21,006
Purchased professional services		26		526,430
Other purchased professional services	2,245	6,363		294,549
Supplies and materials		1,135		6,082
Other objects				12,067
<b>Total support services</b>	<b>2,245</b>	<b>8,050</b>		<b>881,102</b>
<b>Total expenditures</b>	<b>\$ 12,905</b>	<b>\$ 82,843</b>	<b>\$ 30,532</b>	<b>\$ 2,204,246</b>

Princeton Public Schools  
Special Revenue Fund

Schedule of Preschool Education Aid Expenditures  
Budgetary Basis  
(District Wide)

Year ended June 30, 2015

	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Expenditures:			
Instruction:			
Salaries of teachers	\$ 49,500	\$ 49,500	
Total instruction	49,500	49,500	
Total expenditures	\$ 49,500	\$ 49,500	\$ -

Summary of Location Totals

Total revised 2014-15 Preschool Education aid allocation	\$ 49,500
Add: Actual Preschool Education Aid carryover (June 30, 2014)	-
Total funds available for 2014-15 budget	49,500
Less: 2014-15 budgeted Preschool Education aid (including prior year budgeted carryover)	-
Available and unbudgeted funds as of June 30, 2015	49,500
Add: 2014-15 unexpended Preschool Education aid	-
2014-15 carryover Preschool Education aid/ Preschool	\$ -
2014-15 Preschool Education aid carryover budgeted in 2015-16	\$ -

# Capital Projects Fund

Princeton Public Schools  
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures,  
Project Balance and Project Status  
(Budgetary Basis)

Year ended June 30, 2015

	Current Year
<b>Revenues and other financing sources</b>	
State sources - SDA	\$ 515,366
Transfer from capital reserve	773,050
Interest	16,789
Total revenues and other financing sources	1,305,205
<b>Expenditures and other financing uses</b>	
Purchased professional and technical services	56,008
Construction services	2,126,714
State sources - SDA reduction	122,887
Transfer to capital reserve	184,331
Transfer to debt service fund	15,043
Transfer to general fund	1,746
Total expenditures and other financing uses	2,506,729
Deficiency of revenues and other financing sources under expenditures and other financing uses	(1,201,524)
Fund Balance, July 1	3,278,335
Fund Balance, June 30	\$ 2,076,811

Princeton Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers	\$ 43,526,422		\$ 43,526,422	\$ 43,526,422
State sources - SDA	14,297,667	\$ 515,366	14,813,033	14,813,033
Contribution from private sources	500,000		500,000	500,000
Transfer from capital reserve	1,579,836	773,050	2,352,886	2,352,886
Transfer from fund balance	104,219		104,219	104,219
Total revenues and other financing sources	<u>60,008,144</u>	<u>1,288,416</u>	<u>61,296,560</u>	<u>61,296,560</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services	7,860,127	56,008	7,916,135	
Construction services	48,391,824	2,126,714	50,518,538	
Equipment	477,858		477,858	
State sources - SDA reduction		122,887	122,887	
Transfer to capital reserve		184,331	184,331	
Total expenditures and other financing uses	<u>56,729,809</u>	<u>2,489,940</u>	<u>59,219,749</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,278,335</u>	<u>\$ (1,201,524)</u>	<u>\$ 2,076,811</u>	<u>\$ 61,296,560</u>

Princeton Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Princeton High School

Year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers	\$ 32,546,422		\$ 32,546,422	\$ 32,546,422
State sources - SDA	14,297,667		14,297,667	14,297,667
Contribution from private sources	500,000		500,000	500,000
Transfer from capital reserve	1,579,836		1,579,836	1,579,836
Transfer from fund balance	104,219		104,219	104,219
Total revenues and other financing sources	<u>49,028,144</u>		<u>49,028,144</u>	<u>49,028,144</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services	6,543,955	\$ 25,861	6,569,816	
Construction services	39,929,527	640,000	40,569,527	
Equipment	477,858		477,858	
State sources - SDA reduction				
Transfer to capital reserve				
Total expenditures and other financing uses	<u>46,951,340</u>	<u>665,861</u>	<u>47,617,201</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,076,804</u>	<u>\$ (665,861)</u>	<u>\$ 1,410,943</u>	<u>\$ 49,028,144</u>
Bonds issued	\$ 30,167,280			
Additional authorized cost	18,860,864			
Total authorized cost	<u>\$ 49,028,144</u>			

Percentage increase over original authorized cost	38.47%
Percentage completion	100.00%
Original target completion date	10/1/2003
Revised target completion date	Complete

Princeton Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

School Buildings & Valley Road Project

Year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers	\$ 10,980,000		\$ 10,980,000	\$ 10,980,000
State sources - SDA				
Contribution from private sources				
Transfer from capital reserve				
Transfer from fund balance				
Total revenues and other financing sources	<u>10,980,000</u>		<u>10,980,000</u>	<u>10,980,000</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services	1,316,172	\$ 19,874	1,336,046	
Construction services	8,462,297	515,789	8,978,086	
Equipment				
State sources - SDA reduction				
Transfer to capital reserve				
Total expenditures and other financing uses	<u>9,778,469</u>	<u>535,663</u>	<u>10,314,132</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,201,531</u>	<u>\$ (535,663)</u>	<u>\$ 665,868</u>	<u>\$ 10,980,000</u>
Bonds issued and authorized cost	<u>\$ 10,980,000</u>			

Percentage increase over original  
authorized cost

Percentage completion

Original target completion date

Revised target completion date

0.00%

93.94%

Spring 2014

Fall 2015

Princeton Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Littlebrook Elementary School Security Upgrades

Year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 10,568	\$ 10,568	\$ 10,568
Contribution from private sources				
Transfer from capital reserve		15,852	15,852	15,852
Transfer from fund balance				
Total revenues and other financing sources		<u>26,420</u>	<u>26,420</u>	<u>26,420</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services				
Construction services		26,420	26,420	
Equipment				
State sources - SDA reduction				
Transfer to capital reserve				
Total expenditures and other financing uses		<u>26,420</u>	<u>26,420</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,420</u>
<b>Additional project information</b>				
Project number	4255-080-14-1009			
Grant date	December 19, 2014			
Grant number	G5-5263			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$	26,420		
Additional Authorized Cost				
Revised Authorized Cost	\$	26,420		
Percentage increase over original authorized cost		0.00%		
Percentage completion		100.00%		
Original target completion date		Summer 2015		

Princeton Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

John Witherspoon Middle School Security Upgrades

Year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 21,152	\$ 21,152	\$ 21,152
Contribution from private sources				
Transfer from capital reserve		31,728	31,728	31,728
Transfer from fund balance				
Total revenues and other financing sources		<u>52,880</u>	<u>52,880</u>	<u>52,880</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services				
Construction services		52,880	52,880	
Equipment				
State sources - SDA reduction				
Transfer to capital reserve				
Total expenditures and other financing uses		<u>52,880</u>	<u>52,880</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,880</u>
<b>Additional project information</b>				
Project number	4255-085-14-1010			
Grant date	December 19, 2014			
Grant number	G5-5264			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$	52,880		
Additional Authorized Cost				
Revised Authorized Cost	\$	52,880		
Percentage increase over original authorized cost		0.00%		
Percentage completion		100.00%		
Original target completion date		Summer 2015		

Princeton Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Riverside Elementary School Security Upgrades

Year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 12,910	\$ 12,910	\$ 12,910
Contribution from private sources				
Transfer from capital reserve		19,365	19,365	19,365
Transfer from fund balance				
Total revenues and other financing sources		32,275	32,275	32,275
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services				
Construction services		32,275	32,275	
Equipment				
State sources - SDA reduction				
Transfer to capital reserve				
Total expenditures and other financing uses		32,275	32,275	
Excess (deficiency) of revenues over (under) expenditures		\$ -	\$ -	\$ 32,275
<b>Additional project information</b>				
Project number	4255-090-14-1011			
Grant date	December 19, 2014			
Grant number	G5-5267			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$	32,275		
Additional Authorized Cost				
Revised Authorized Cost	\$	32,275		
Percentage increase over original authorized cost		0.00%		
Percentage completion		100.00%		
Original target completion date		Summer 2015		

**Princeton Public Schools  
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)**

**Princeton High School Roof Replacement at High School Fitness Center**

Year ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 68,788	\$ 68,788	\$ 68,788
Contribution from private sources				
Transfer from capital reserve		103,182	103,182	103,182
Transfer from fund balance				
Total revenues and other financing sources		<u>171,970</u>	<u>171,970</u>	<u>171,970</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services		1,946	1,946	
Construction services		120,450	120,450	
Equipment				
State sources - SDA reduction		19,830	19,830	
Transfer to capital reserve		29,744	29,744	
Total expenditures and other financing uses		<u>171,970</u>	<u>171,970</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,970</u>
<b>Additional project information</b>				
Project number	4255-050-14-1005			
Grant date	December 19, 2014			
Grant number	G5-5261			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$	171,970		
Additional Authorized Cost				
Revised Authorized Cost	\$	171,970		
Percentage increase over original authorized cost		0.00%		
Percentage completion		100.00%		
Original target completion date		Summer 2015		

Princeton Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Riverside Elementary School Roof Replacement

Year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 372,600	\$ 372,600	\$ 372,600
Contribution from private sources				
Transfer from capital reserve		558,900	558,900	558,900
Transfer from fund balance				
Total revenues and other financing sources		<u>931,500</u>	<u>931,500</u>	<u>931,500</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services		7,742	7,742	
Construction services		680,050	680,050	
Equipment				
State sources - SDA reduction		97,483	97,483	
Transfer to capital reserve		146,225	146,225	
Total expenditures and other financing uses		<u>931,500</u>	<u>931,500</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 931,500</u>
<b>Additional project information</b>				
Project number	4255-090-14-1006			
Grant date	December 19, 2014			
Grant number	G5-5266			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$	931,500		
Additional Authorized Cost				
Revised Authorized Cost	\$	931,500		
Percentage increase over original authorized cost		0.00%		
Percentage completion		100.00%		
Original target completion date		Summer 2015		

Princeton Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Community Park Elementary School Roof Replacement

Year ended June 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 29,348	\$ 29,348	\$ 29,348
Contribution from private sources				
Transfer from capital reserve		44,023	44,023	44,023
Transfer from fund balance				
Total revenues and other financing sources		<u>73,371</u>	<u>73,371</u>	<u>73,371</u>
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services		585	585	
Construction services		58,850	58,850	
Equipment				
State sources - SDA reduction		5,574	5,574	
Transfer to capital reserve		8,362	8,362	
Total expenditures and other financing uses		<u>73,371</u>	<u>73,371</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,371</u>
<b>Additional project information</b>				
Project number	4255-110-14-1007			
Grant date	December 19, 2014			
Grant number	G5-5269			
Bond authorization date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$	73,371		
Additional Authorized Cost				
Revised Authorized Cost	\$	73,371		
Percentage increase over original authorized cost		0.00%		
Percentage completion		100.00%		
Original target completion date		Summer 2015		

Princeton Public Schools  
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2015

Issue/Project Title	Appropriations	Expenditures to Date		Return of Funding Sources	Unexpended Balance
		Prior Year	Current Year		
School facility projects - referendum	\$ 49,028,144	\$ 46,951,340	\$ 665,861		\$ 1,410,943
Schools and Valley Road Project	10,980,000	9,778,469	535,663		665,868
Littlebrook Elementary School Security Upgrades	26,420		26,420		
John Witherspoon Middle School Security Upgrades	52,880		52,880		
Riverside Elementary School Security Upgrades	32,275		32,275		
Princeton High School Roof Replacement at High School Fitness Center	152,140		122,396	29,744	
Riverside Elementary School Roof Replacement	834,017		687,792	146,225	
Community Park Elementary School Roof Replacement	67,797		59,435	8,362	
	<u>\$ 61,173,673</u>	<u>\$ 56,729,809</u>	<u>\$ 2,182,722</u>	<u>\$ 184,331</u>	<u>\$ 2,076,811</u>

Components of appropriations for referendum question - school facility projects

Bonds issued	\$ 32,546,422
Fund balance utilized	104,219
State grant	14,297,667
Other local funds	500,000
Subtotal	<u>47,448,308</u>
Increased by:	
Capital reserve transfer:	
Approved by statement of purpose:	<u>1,579,836</u>
	<u>\$ 49,028,144</u>

Components of appropriations - Elementary Schools and Valley Road Project - 2013 FY

Bond proceeds approved by referendum	<u>\$ 10,980,000</u>
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Components of appropriations - Littlebrook Elementary School Security Upgrades

State sources - SDA	\$ 10,568
Transfer from capital reserve	15,852
	<u>\$ 26,420</u>

Components of appropriations - John Witherspoon Middle School Security Upgrades

State sources - SDA	\$ 21,152
Transfer from capital reserve	31,728
	<u>\$ 52,880</u>

Components of appropriations - Riverside Elementary School Security Upgrades

State sources - SDA	\$ 12,910
Transfer from capital reserve	19,365
	<u>\$ 32,275</u>

Components of appropriations - Princeton High School Roof Replacement at High School Fitness Center

State sources - SDA	\$ 48,958
Transfer from capital reserve	103,182
	<u>\$ 152,140</u>

Components of appropriations - Riverside Elementary School Roof Replacement

State sources - SDA	\$ 275,117
Transfer from capital reserve	558,900
	<u>\$ 834,017</u>

Components of appropriations - Community Park Elementary School Roof Replacement

State sources - SDA	\$ 23,774
Transfer from capital reserve	44,023
	<u>\$ 67,797</u>
Total	<u>\$ 61,173,673</u>

# Fiduciary Funds

Princeton Public Schools  
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2015

	Trust			Agency		
	Private Purpose Scholarship Funds	Unemployment Compensation	Total Trust	Student Activity	Payroll	Total Agency
<b>Assets</b>						
Cash and cash equivalents	\$ 30,239	\$ 491,310	\$ 521,549	\$ 383,121	\$ 710,036	\$1,093,157
Total assets	<u>30,239</u>	<u>491,310</u>	<u>521,549</u>	<u>\$ 383,121</u>	<u>\$ 710,036</u>	<u>\$1,093,157</u>
<b>Liabilities</b>						
Accounts payable		12,316	12,316			
Payroll deductions and withholdings payable					\$ 437,662	\$ 437,662
Summer savings payable					272,374	272,374
Due to student groups				\$ 383,121		383,121
Total liabilities		<u>12,316</u>	<u>12,316</u>	<u>\$ 383,121</u>	<u>\$ 710,036</u>	<u>\$1,093,157</u>
<b>Net Position</b>						
Held in trust	30,239	478,994	509,233			
Total net position	<u>\$ 30,239</u>	<u>\$ 478,994</u>	<u>\$ 509,233</u>			

Princeton Public Schools  
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2015

	<b>Private- Purpose Scholarship Fund</b>	<b>Unemployment Compensation Fund</b>	<b>Total Trust</b>
Additions:			
Local sources:			
Plan member contributions		\$ 65,187	\$ 65,187
Interest on investments	\$ 192	2,784	2,976
Total additions	192	67,971	68,163
Deductions:			
Unemployment benefit payments		111,400	111,400
Scholarship payments	5,000		5,000
Total deductions	5,000	111,400	116,400
Change in net position	(4,808)	(43,429)	(48,237)
Net position, beginning	35,047	522,423	557,470
Net position, ending	\$ 30,239	\$ 478,994	\$ 509,233

Princeton Public Schools  
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2015

	<b>Balance</b>		<b>Cash</b>		<b>Cash</b>		<b>Balance</b>
	<b>July</b>		<b>Receipts</b>		<b>Disbursements</b>		<b>June</b>
	<b>1, 2014</b>						<b>30, 2015</b>
Middle school:							
John Witherspoon School	\$ 38,808	\$	54,610	\$	61,981	\$	31,437
High school:							
Princeton High School	229,389		823,314		701,019		351,684
Total all schools	<u>\$ 268,197</u>	<u>\$</u>	<u>877,924</u>	<u>\$</u>	<u>763,000</u>	<u>\$</u>	<u>383,121</u>

Princeton Public Schools  
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
<b>Assets</b>				
Cash and equivalents	\$ 696,185	\$ 73,931,076	\$ 73,917,225	\$ 710,036
Total assets	<u>\$ 696,185</u>	<u>\$ 73,931,076</u>	<u>\$ 73,917,225</u>	<u>\$ 710,036</u>
<b>Liabilities</b>				
Payroll deductions and withholdings payable	\$ 425,062	\$ 73,658,703	\$ 73,646,103	\$ 437,662
Summer savings payable	271,123	272,373	271,122	272,374
Total liabilities	<u>\$ 696,185</u>	<u>\$ 73,931,076</u>	<u>\$ 73,917,225</u>	<u>\$ 710,036</u>

## Long-Term Debt

Princeton Public Schools  
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Retired	Balance
			Date	Amount		July 1, 2014		June 30, 2015
Various Improvements-Refunding Bonds	8/1/09	\$40,165,000	2/1/2016	\$ 3,465,000	3.000%	\$30,495,000	\$3,360,000	\$27,135,000
			2/1/2017	3,580,000	3.000			
			2/1/2018	3,690,000	4.000			
			2/1/2019	3,845,000	4.000			
			2/1/2020	4,015,000	4.000			
			2/1/2021	4,180,000	4.500			
			2/1/2022	4,360,000	4.750			
School Bonds	1/29/13	\$10,980,000	2/1/2016	1,030,000	1.000	10,000,000	1,005,000	8,995,000
			2/1/2017	1,055,000	1.000			
			2/1/2018	1,080,000	1.250			
			2/1/2019	1,110,000	1.250			
			2/1/2020	1,135,000	1.250			
			2/1/2021	1,165,000	1.500			
			2/1/2022	1,195,000	1.750			
			2/1/2023	1,225,000	2.000			
						<u>\$40,495,000</u>	<u>\$4,365,000</u>	<u>\$36,130,000</u>

Princeton Public Schools  
Debt Service Fund  
Budgetary Comparison Schedule

Year ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 5,632,588		\$ 5,632,588	\$ 5,632,588	
Total revenues	<u>5,632,588</u>		<u>5,632,588</u>	<u>5,632,588</u>	
Expenditures:					
Principal on bonds	4,365,000		4,365,000	4,365,000	
Interest on bonds	<u>1,295,153</u>		<u>1,295,153</u>	<u>1,295,153</u>	
Total expenditures	<u>5,660,153</u>		<u>5,660,153</u>	<u>5,660,153</u>	
Deficiency of revenues under expenditures	(27,565)		(27,565)	(27,565)	
Other financing sources:					
Transfers in				15,043	\$ 15,043
Total other financing sources				<u>15,043</u>	<u>15,043</u>
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(27,565)		(27,565)	(12,522)	15,043
Fund balance, July 1	51,740		51,740	51,740	-
Fund balance, June 30	<u>\$ 24,175</u>	\$ -	<u>\$ 24,175</u>	<u>\$ 39,218</u>	<u>\$ 15,043</u>

# Statistical Section

(Unaudited)

**Statistical Section**  
**Unaudited**

**Contents**

**Financial Trends**

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*

Princeton Public Schools  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 26,573,401	\$ 34,823,857	\$ 38,961,952	\$ 40,862,019	\$ 41,911,290	\$ 48,653,097	\$ 50,073,237	\$ 51,035,776	\$ 53,120,132	\$ 55,851,942
Restricted	8,174,680	7,336,195	6,899,942	7,654,072	6,127,183	3,911,031	3,775,864	4,375,260	6,298,244	4,390,950
Unrestricted (deficit)	2,585,195	538,505	(380,021)	(1,492,270)	(1,899,392)	(1,332,000)	(845,268)	(659,191)	(1,433,689)	(23,004,966)
Total governmental activities net position	<u>\$ 37,333,276</u>	<u>\$ 42,698,557</u>	<u>\$ 45,481,873</u>	<u>\$ 47,023,821</u>	<u>\$ 46,139,081</u>	<u>\$ 51,232,128</u>	<u>\$ 53,003,833</u>	<u>\$ 54,751,845</u>	<u>\$ 57,984,687</u>	<u>\$ 37,237,926</u>
Business-type activities										
Net investment in capital assets	\$ 50,768	\$ 38,146	\$ 334,237	\$ 313,771	\$ 273,830	\$ 237,599	\$ 240,395	\$ 269,498	\$ 248,729	\$ 212,054
Unrestricted	62,681	81,678	120,618	126,320	177,153	271,258	248,297	171,504	188,844	235,566
Total business-type activities net position	<u>\$ 113,449</u>	<u>\$ 119,824</u>	<u>\$ 454,855</u>	<u>\$ 440,091</u>	<u>\$ 450,983</u>	<u>\$ 508,857</u>	<u>\$ 488,692</u>	<u>\$ 441,002</u>	<u>\$ 437,573</u>	<u>\$ 447,620</u>
Government-wide										
Net investment in capital assets	\$ 26,624,169	\$ 34,862,003	\$ 39,296,189	\$ 41,175,790	\$ 42,185,120	\$ 48,890,696	\$ 50,313,632	\$ 51,305,274	\$ 53,368,861	\$ 56,063,996
Restricted	8,174,680	7,336,195	6,899,942	7,654,072	6,127,183	3,911,031	3,775,864	4,375,260	6,298,244	4,390,950
Unrestricted (deficit)	2,647,876	620,183	(259,403)	(1,365,950)	(1,722,239)	(1,060,742)	(596,971)	(487,687)	(1,244,845)	(22,769,400)
Total district net position	<u>\$ 37,446,725</u>	<u>\$ 42,818,381</u>	<u>\$ 45,936,728</u>	<u>\$ 47,463,912</u>	<u>\$ 46,590,064</u>	<u>\$ 51,740,985</u>	<u>\$ 53,492,525</u>	<u>\$ 55,192,847</u>	<u>\$ 58,422,260</u>	<u>\$ 37,685,546</u>

Source: CAFR Schedule A-1 and District records.

Notes: GASB 63 was implemented during the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$21,632,007. This amount is not reflected in the June 30, 2014 Net Position, above.

Princeton Public Schools  
Changes in Net Position, Last Ten Fiscal Years  
(accrual basis of accounting)

Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction	\$ 36,143,584	\$ 39,072,002	\$ 41,677,130	\$ 43,750,919	\$ 46,092,266	\$ 44,545,423	\$ 46,781,028	\$ 48,282,148	\$ 49,651,043	\$ 56,321,975
Support Services:										
Attendance and social work	243,111	248,501	398,270	448,018	157,459	182,244	255,573	246,939	207,527	236,477
Health services	556,283	617,741	544,884	637,506	661,490	732,384	772,340	796,828	854,374	1,046,052
Other support services	7,515,671	7,739,569	7,895,282	8,415,426	8,152,600	8,783,670	8,743,670	8,907,490	7,944,168	10,209,305
Improvement of instruction	154,757	203,799	271,038	179,443	430,554	270,851	300,373	342,936	344,422	409,855
Other support instructional staff	1,098,447	1,037,291	1,102,969	1,427,478	1,408,516	1,484,299	1,548,754	1,668,431	1,816,154	1,869,110
School library	1,435,340	1,540,425	1,654,338	1,743,396	1,784,502	1,931,724	1,995,333	2,106,268	2,408,109	2,384,887
General administration	947,551	956,330	3,015,951	965,471	971,733	1,041,045	1,241,805	1,273,071	1,325,591	1,161,267
School administration	2,227,634	2,346,798	2,298,151	2,556,424	2,708,932	3,175,318	3,239,577	3,404,202	3,792,256	4,436,198
Central administration	1,163,714	1,242,121	1,214,172	1,256,292	1,263,110	1,333,932	1,367,684	1,543,105	1,529,225	1,650,029
Info Technology	243,052	196,516	204,491	194,526	144,939	125,769	129,332	133,677	137,343	157,028
Required maintenance of plant	1,012,146	1,124,245	1,269,724	1,272,112	1,240,205	1,292,237	1,281,290	1,255,371	1,385,356	1,492,379
Operation of plant	5,175,689	5,779,159	5,862,988	5,824,080	5,625,421	5,291,619	6,041,015	6,165,849	6,546,899	6,985,192
Student transportation	3,406,343	4,140,354	3,945,300	3,135,426	3,443,899	3,116,154	3,031,002	3,109,247	3,075,375	3,460,304
Business and other support services and benefits	80,031	1,245,040	158,624							
Charter schools	2,303,727	2,426,999	2,664,475	4,483,598	4,430,664	4,255,318	4,483,493	4,628,664	4,729,512	4,899,659
Interest on long-term debt	2,474,987	2,253,833	2,253,972	2,109,955	1,650,137	1,499,954	1,393,938	1,358,899	1,621,814	1,224,530
Total governmental activities expenses	66,182,067	72,170,723	76,431,759	78,400,070	80,166,427	79,061,941	82,606,207	85,223,125	87,369,168	97,944,247
<b>Business-type activities:</b>										
Food service	841,532	756,263	793,234	831,244	768,729	798,944	887,786	931,533	852,358	906,162
Total business-type activities expense	841,532	756,263	793,234	831,244	768,729	798,944	887,786	931,533	852,358	906,162
Total district expenses	\$ 67,023,599	\$ 72,926,986	\$ 77,224,993	\$ 79,231,314	\$ 80,935,156	\$ 79,860,885	\$ 83,493,993	\$ 86,154,658	\$ 88,221,526	\$ 98,850,409
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
Instruction (tuition and transportation)	\$ 3,603,562	\$ 3,825,942	\$ 4,329,662	\$ 5,159,700	\$ 5,492,542	\$ 4,950,946	\$ 4,642,958	\$ 4,493,214	\$ 4,996,346	\$ 5,001,131
Other support services					172,300	187,332	202,716	187,508	182,323	170,062
Operating grants and contributions	2,647,240	2,850,459	2,510,184	2,612,932	2,361,166	2,957,587	2,390,477	2,279,201	2,166,140	2,193,352
Capital grants and contributions			1,648,136	32,796	101,871	3,786,624	814,839	446,483	422,286	392,479
Total governmental activities program revenues	\$ 6,250,802	\$ 6,676,401	\$ 8,487,982	\$ 7,805,428	\$ 8,127,879	\$ 11,882,489	\$ 8,050,990	\$ 7,406,406	\$ 7,767,095	\$ 7,757,024

Note: The increase in general administration in 2008 is the result of legal judgments related to the District's capital projects reported within the capital projects fund.

Note: The increase in charter schools in 2009 was due to a state approved enrollment increase of 24 students effective in 2008/09 school year and a change in the funding structure.

Princeton Public Schools  
Changes in Net Position, Last Ten Fiscal Years  
(accrual basis of accounting)

Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type activities:</b>										
Charges for services										
Food service	\$ 648,031	\$ 551,334	\$ 618,158	\$ 680,801	\$ 654,714	\$ 636,671	\$ 609,672	\$ 640,290	\$ 577,235	\$ 618,599
Operating grants and contributions	164,167	176,304	150,749	110,084	123,984	218,814	256,874	242,110	270,288	296,420
Total business type activities program revenues	812,198	727,638	768,907	790,885	778,698	855,485	866,546	882,400	847,523	915,019
Total district program revenues	\$ 7,063,000	\$ 7,404,039	\$ 8,896,786	\$ 8,918,764	\$ 12,661,187	\$ 8,622,580	\$ 866,546	\$ 882,400	\$ 847,523	\$ 915,019
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (59,931,265)	\$ (65,494,322)	\$ (67,943,777)	\$ (70,594,642)	\$ (72,038,548)	\$ (67,179,452)	\$ (74,555,217)	\$ (77,816,719)	\$ (79,602,073)	\$ (90,187,223)
Business-type activities	(29,334)	(28,625)	(24,327)	(40,359)	9,969	56,541	(21,240)	(49,133)	(4,835)	8,857
Total district-wide net expense	\$ (59,960,599)	\$ (65,522,947)	\$ (67,968,104)	\$ (70,635,001)	\$ (72,028,579)	\$ (67,122,911)	\$ (74,576,457)	\$ (77,865,852)	\$ (79,606,908)	\$ (90,178,366)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 49,590,650	\$ 54,925,520	\$ 55,135,268	\$ 56,965,653	\$ 57,922,997	\$ 60,465,817	\$ 62,190,303	\$ 63,434,112	\$ 64,702,790	\$ 65,996,845
Property taxes levied for debt service	4,983,876	4,863,904	4,891,397	4,883,272	4,354,245	4,238,916	4,481,322	4,492,690	5,617,264	5,632,588
Unrestricted grants and contributions	7,636,393	9,412,387	9,613,236	9,683,002	8,434,904	7,136,660	9,246,433	11,137,912	10,457,672	18,952,008
Investment earnings	955,035	1,172,111	814,904	214,959	81,803	70,475	44,400	94,570	98,717	86,592
Miscellaneous income	365,324	520,681	631,646	413,921	359,859	360,631	364,464	405,447	508,472	404,436
Special item									1,450,000	
Transfers	(20,000)	(35,000)	(359,358)	(24,217)						
Total governmental activities	63,511,278	70,859,603	70,727,093	72,136,590	71,153,808	72,272,499	76,326,922	79,564,731	82,834,915	91,072,469
Business-type activities:										
Interest earnings				1,378	923	1,333	1,075	1,443	1,406	1,190
Transfers	20,000	35,000	359,358	24,217						
Total business-type activities	20,000	35,000	359,358	25,595	923	1,333	1,075	1,443	1,406	1,190
Total district-wide	\$ 63,531,278	\$ 70,894,603	\$ 71,086,451	\$ 72,162,185	\$ 71,154,731	\$ 72,273,832	\$ 76,327,997	\$ 79,566,174	\$ 82,836,321	\$ 91,073,659
<b>Change in Net Position</b>										
Governmental activities	\$ 3,580,013	\$ 5,365,281	\$ 2,783,316	\$ 1,541,948	\$ (884,740)	\$ 5,093,047	\$ 1,771,705	\$ 1,748,012	\$ 3,232,842	\$ 885,246
Business-type activities	(9,334)	6,375	335,031	(14,764)	10,892	57,874	(20,165)	(47,690)	(3,429)	10,047
Total district	\$ 3,570,679	\$ 5,371,656	\$ 3,118,347	\$ 1,527,184	\$ (873,848)	\$ 5,150,921	\$ 1,751,540	\$ 1,700,322	\$ 3,229,413	\$ 895,293

Source: CAFR Schedule A-2 and District records.

Notes: GASB 63 was implemented during the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

The FY2012 balances reflect a reclassification of capital outlays for the General Fund and Special Revenue Fund to conform to FY2013 presentation.

The FY 2014 special item was the result of a legal settlement in favor of the District during the 2014 fiscal year.

Princeton Public Schools  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Unaudited

	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 5,710,465	\$ 4,053,376	\$ 5,948,835	\$ 7,396,062	\$ 4,654,747					
Unreserved	2,056,644	5,644,694	3,809,713	3,030,614	2,641,203					
Restricted						\$ 2,272,762	\$ 2,954,776	\$ 3,581,968	\$ 4,221,440	\$ 2,980,007
Assigned						2,947,324	3,115,273	3,376,199	2,564,496	2,767,686
Unassigned						1,846,510	1,437,885	1,782,705	2,089,412	2,416,510
Total general fund	<u>\$ 7,767,109</u>	<u>\$ 9,698,070</u>	<u>\$ 9,758,548</u>	<u>\$ 10,426,676</u>	<u>\$ 7,295,950</u>	<u>\$ 7,066,596</u>	<u>\$ 7,507,934</u>	<u>\$ 8,740,872</u>	<u>\$ 8,875,348</u>	<u>\$ 8,164,203</u>
All Other Governmental Funds										
Reserved	\$ 5,404,938	\$ 2,042,589	\$ 807,106	\$ 721,564	\$ 1,898,146					
Unreserved, reported in:										
Special revenue fund (deficit)	(7,869)	(7,869)	(8,803)	(4,304)	(3,780)					
Capital projects fund	343,143	15,966		85,542	169,635					
Debt service fund	1,227,671	1,133,778	873,307	405,593	283,237					
Restricted for										
Capital projects							\$ 200,596	\$ 8,672,752	\$ 2,638,335	\$ 2,076,811
Debt service						\$ 42,738	25,341	33,271	51,740	39,218
Committed for capital projects						1,600,000	1,280,000	960,000	640,000	
Unassigned (deficit)						(795,647)	(684,849)	(4,950)	(4,950)	(4,950)
Total all other governmental funds	<u>\$ 6,967,883</u>	<u>\$ 3,184,464</u>	<u>\$ 1,671,610</u>	<u>\$ 1,208,395</u>	<u>\$ 2,347,238</u>	<u>\$ 847,091</u>	<u>\$ 821,088</u>	<u>\$ 9,661,073</u>	<u>\$ 3,325,125</u>	<u>\$ 2,111,079</u>

Source: CAFR Schedule B-1 and District records.

The change in the restricted for capital projects amount in the 2013 fiscal year is the result of bonds issued in which expenditures have not been incurred as of June 30, 2013.

GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years. (See footnote 1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

Princeton Public Schools  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years

Unaudited

	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 54,574,526	\$ 59,789,424	\$ 60,026,665	\$ 61,848,925	\$ 62,277,242	\$ 64,704,733	\$ 66,671,625	\$ 67,926,802	\$ 70,320,054	\$ 71,629,433
Tuition charges	3,603,562	3,825,942	4,329,662	4,944,100	5,492,542	4,950,946	4,642,958	4,493,214	4,996,346	5,001,131
Interest earnings	955,035	1,172,111	814,904	214,959	81,803	70,475	44,400	94,570	98,717	86,592
Miscellaneous	986,988	997,650	592,739	679,372	507,081	538,619	554,556	621,227	556,830	510,679
Hazardous routes	19,728	138,727	279,871	215,600	172,300	187,332	202,716	187,508	182,323	170,062
State sources	8,601,620	10,329,294	12,269,230	10,573,058	9,169,826	11,335,038	10,400,680	12,147,092	11,366,225	12,742,581
Federal sources	1,040,621	1,317,856	1,261,362	1,490,221	1,630,041	2,367,845	1,860,977	1,500,724	1,631,515	1,423,624
<b>Total revenue</b>	<b>69,782,080</b>	<b>77,571,004</b>	<b>79,574,433</b>	<b>79,966,235</b>	<b>79,330,835</b>	<b>84,154,988</b>	<b>84,377,912</b>	<b>86,971,137</b>	<b>89,152,010</b>	<b>91,564,102</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular and special educ instruct.	29,277,223	30,777,549	32,601,133	33,710,712	34,506,631	32,941,431	34,429,071	35,042,191	35,896,808	36,841,020
<b>Support Services:</b>										
Attendance and social work	196,926	195,748	311,539	323,670	117,575	127,704	177,467	169,791	142,132	145,061
Health services	450,603	486,603	426,225	471,229	503,048	524,191	552,359	558,533	597,235	656,122
Other support services	5,280,331	6,096,564	6,175,932	6,332,155	6,494,811	6,544,513	6,548,522	6,573,745	7,065,197	6,680,976
Improvement of instruction	125,357	160,535	212,014	138,717	332,708	192,278	221,213	246,630	248,390	264,153
Other support: instructional staff	889,770	817,088	862,776	1,018,108	1,014,832	978,245	1,014,811	1,094,758	1,174,692	1,062,201
School library	1,162,662	1,213,414	1,294,074	1,347,551	1,427,090	1,484,555	1,537,448	1,594,709	1,843,236	1,681,563
Instructional staff training										
General administration	767,540	753,314	2,359,170	776,991	796,259	817,958	878,921	970,444	975,957	852,728
School administration	1,804,440	1,848,605	1,797,684	1,853,401	2,029,841	2,231,347	2,164,828	2,303,379	2,525,401	2,751,712
Central services	942,638	978,436	949,763	942,273	973,292	981,059	994,459	1,120,455	1,100,916	1,052,953
Information technology	196,878	154,798	159,959	140,440	108,099	87,996	89,756	91,776	93,841	96,093
Required maintenance of plant	819,864	885,583	993,217	1,010,109	1,001,166	1,023,694	1,023,849	1,021,321	1,124,175	1,153,405
Operation of plant-custodial services	4,192,440	4,552,322	4,690,798	4,920,840	4,313,639	3,966,048	4,564,637	4,420,764	4,770,420	4,712,491
Care & upkeep of grounds					297,474	307,303	362,784	501,089	378,089	344,270
Security					168,108	86,866	101,040	122,138	181,892	178,927
Student transportation	2,759,224	3,261,413	3,086,135	2,962,643	3,181,649	2,725,417	2,680,585	2,749,349	2,713,308	2,934,994
Business and other support services and benefits	7,291,267	7,387,757	8,394,017	9,011,117	9,887,260	10,916,955	11,616,704	10,988,595	11,577,669	12,611,174
On-behalf contributions	3,857,504	5,576,870	5,774,687	3,986,503	4,136,415	4,258,868	5,193,241	6,593,297	5,814,940	6,726,916
Capital outlay	15,298,443	6,412,898	2,563,223	1,068,549	1,191,363	6,933,693	822,964	2,517,837	8,226,703	2,182,722
Charter school	2,303,727	2,426,999	2,664,475	4,483,598	4,430,664	4,255,318	4,483,493	4,628,664	4,729,512	4,899,659
<b>Debt service:</b>										
Principal	2,975,000	3,070,000	3,175,000	3,275,000	2,665,000	2,945,000	3,070,000	3,170,000	4,245,000	4,365,000
Cost of bond issuance					251,677			137,754		
Interest and other charges	2,571,679	2,437,817	2,300,154	2,158,291	1,834,704	1,554,050	1,434,425	1,342,325	1,377,969	1,295,153
<b>Total expenditures</b>	<b>83,163,516</b>	<b>79,494,313</b>	<b>80,791,975</b>	<b>79,931,897</b>	<b>81,663,305</b>	<b>85,884,489</b>	<b>83,962,577</b>	<b>87,959,544</b>	<b>96,803,482</b>	<b>93,489,293</b>
Excess (Deficiency) of revenues over (under) expenditures	(13,381,436)	(1,923,309)	(1,217,542)	34,338	(2,332,470)	(1,729,501)	415,335	(988,407)	(7,651,472)	(1,925,191)
<b>Other financing sources (uses)</b>										
Capital leases (non-budgeted)	169,960	105,851	124,524	194,792	88,910					
Refunding bonds issued					40,165,000					
Premium on bonds issued					2,573,629			81,330		
Payment to refunding bond escrow agent					(42,486,952)					
Bond proceeds								10,980,000		
Transfers in	1,303,758	1,250,020	329,228	82,305	1,523,103	1,156,935	5,706	47,732	24,174	974,170
Transfers out	(1,323,758)	(1,285,020)	(688,586)	(106,522)	(1,523,103)	(1,156,935)	(5,706)	(47,732)	(24,174)	(974,170)
<b>Total other financing sources (uses)</b>	<b>149,960</b>	<b>70,851</b>	<b>(234,834)</b>	<b>170,575</b>	<b>340,587</b>	<b>-</b>	<b>-</b>	<b>11,061,330</b>	<b>-</b>	<b>-</b>
<b>Special item</b>									1,450,000	
<b>Net change in fund balances</b>	<b>\$ (13,231,476)</b>	<b>\$ (1,852,458)</b>	<b>\$ (1,452,376)</b>	<b>\$ 204,913</b>	<b>\$ (1,991,883)</b>	<b>\$ (1,729,501)</b>	<b>\$ 415,335</b>	<b>\$ 10,072,923</b>	<b>\$ (6,201,472)</b>	<b>\$ (1,925,191)</b>
Debt service as a percentage of noncapital expenditures	8.2%	7.5%	7.0%	6.9%	5.6%	5.7%	5.4%	5.3%	6.3%	6.2%

Source: CAFR Schedule B-2

Notes: The increase in general administration in 2008 is the result of legal judgments related to the District's capital projects reported within the capital projects fund.

The FY2012 balances reflect a reclassification of capital outlays for the General Fund and Special Revenue Fund to conform to FY2013 presentation.

The FY 2014 special item was the result of a legal settlement in favor of the District during the 2014 fiscal year.

Princeton Public Schools  
 General Fund Other Local Revenues by Source  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Interest	Transportation Hazardous Routes	Tuition	Rentals	Refunds	In Lieu	Misc.	Total
2006	\$ 371,277	\$ 19,728	\$ 3,603,562	\$ 130,096	\$ 87,296		\$ 128,204	\$ 4,340,163
2007	652,091	138,727	3,825,942	162,711	65,685	\$ 72,000	51,558	4,968,714
2008	491,618	279,871	4,329,662	186,518	24,077	72,000	69,180	5,452,926
2009	132,654	215,600	4,944,100	209,020	7,231	72,000	125,670	5,706,275
2010	58,700	172,300	5,492,542	198,205	12,796	72,000	76,858	6,083,401
2011	50,840	187,332	4,950,946	204,352	1,374	72,000	82,905	5,549,749
2012	38,694	202,716	4,642,958	213,871		72,000	78,593	5,248,832
2013	67,005	187,508	4,493,214	210,999		72,000	122,448	5,153,174
2014	74,543	182,323	4,996,346	235,034		72,000	201,438	5,761,684
2015	69,803	170,062	5,001,131	224,080		72,000	108,356	5,645,432

Source: District records.

Princeton Public Schools  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years

Unaudited

Municipality of Princeton

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2006	\$ 62,189,100	\$ 2,782,625,200	\$ 18,517,700	\$ 344,810	\$ 400,205,700	\$ 5,180,100	\$ 127,227,600	\$ 3,396,290,210	\$ 1,737,775,130	\$ 5,282,907	\$ 3,401,573,117	\$ 1.68	\$ 6,463,758,025
2007	63,669,500	2,805,457,500	17,752,700	345,410	386,778,500	5,180,100	127,161,100	3,406,344,810	1,744,446,180	4,210,859	3,410,555,669	1.79	7,100,711,049
2008	63,655,600	2,829,962,000	17,752,700	323,010	384,622,000	5,180,100	127,026,600	3,428,522,010	1,836,874,080	4,342,959	3,432,864,969	1.83	7,600,928,353
2009	62,854,700	2,845,119,900	19,419,900	324,710	383,431,200	5,180,100	127,011,900	3,443,342,410	1,839,922,080	4,873,661	3,448,216,071	1.87	7,631,583,842
*2010	146,132,900	5,656,070,100	40,316,100	327,010	837,925,200	8,981,700	226,058,300	6,915,811,310	2,324,342,900	13,753,114	6,929,564,424	0.93	7,393,461,737
2011	151,466,800	5,591,810,284	38,603,900	324,210	796,619,850	8,981,700	215,682,200	6,803,488,944	2,406,479,700	10,961,651	6,814,450,595	0.97	7,215,461,221
2012	127,050,200	5,566,105,984	55,138,500	344,710	791,514,350	8,981,700	212,721,500	6,761,856,944	2,380,360,500	11,080,562	6,772,937,506	1.00	7,200,549,221
2013	97,017,800	5,525,385,000	53,415,200	341,610	810,620,450	8,981,700	229,839,100	6,725,600,860	2,272,162,500	9,976,866	6,735,577,726	1.03	7,136,657,900
2014	90,710,900	5,572,589,600	46,939,300	341,110	788,160,750	8,981,700	261,905,400	6,769,628,760	2,264,409,000	8,619,869	6,778,248,629	1.05	7,275,140,742
2015	92,656,100	5,619,263,400	49,064,500	338,910	772,598,550	8,981,700	270,198,500	6,813,101,660	2,306,295,900	8,545,211	6,821,646,871	1.06	7,477,416,279

Source: District records, Tax list summary & Municipal Tax Assessor and Collector, abstract of ratables, County Board of Taxation

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Note: tax rate for years 2006 through 2012 are average between previous rates for Borough & Township.

All information is combined history of Borough & Township from years 2006 through 2015.

\*Year of revaluation

Princeton Public Schools  
 Property Tax Rates - Direct and Overlapping Governments  
 Last Three Fiscal Years  
*(rate per \$100 of assessed value)*  
 Unaudited

**Municipality of Princeton**

Fiscal Year Ended June 30,	Princeton Public Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Princeton	Mercer County	
2013	\$ 0.951	\$ 0.075	\$ 1.026	\$ 0.469	\$ 0.634	\$ 2.129
2014	0.964	0.083	1.047	0.470	0.668	2.185
2015	0.979	0.084	1.063	0.486	0.663	2.212

**Source:** District Records and Municipal Tax Collector

**Note:** The recent Fiscal Years are presented separately from the previous seven fiscal years as a result of the merger of the municipalities in the 2013 fiscal year.

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.

Princeton Public Schools  
Property Tax Rates - Direct and Overlapping Governments  
Seven Fiscal Years from 2006 - 2012  
(rate per \$100 of assessed value)  
Unaudited

Fiscal Year Ended June 30,	Princeton Public Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Princeton Borough	Mercer County	
2006	\$ 1.572	\$ 0.158	\$ 1.730	\$ 0.950	\$ 1.010	\$ 3.690
2007	1.718	0.152	1.870	0.990	1.060	3.920
2008	1.803	0.016	1.819	1.040	1.162	4.021
2009	1.880	0.150	2.030	1.040	1.162	4.232
* 2010	0.891	0.065	0.956	0.478	0.592	2.026
2011	0.934	0.066	1.000	0.479	0.562	2.041
2012	0.955	0.068	1.023	0.480	0.602	2.105

Fiscal Year Ended June 30,	Princeton Public Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Princeton Township	Mercer County	
2006	\$ 1.472	\$ 0.148	\$ 1.620	\$ 0.760	\$ 0.960	\$ 3.340
2007	1.571	0.139	1.710	0.830	0.940	3.480
2008	1.563	0.136	1.699	0.882	0.985	3.566
2009	1.578	0.126	1.704	0.882	0.985	3.571
* 2010	0.837	0.061	0.898	0.490	0.549	1.937
2011	0.884	0.063	0.947	0.490	0.528	1.965
2012	0.915	0.065	0.980	0.490	0.575	2.045

Source: District Records and Municipal Tax Collector

**Note:**

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.

\* Change due to a revaluation in the municipalities.

Princeton Public Schools  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
Unaudited

**Municipality of Princeton**

Taxpayer	Princeton 2015		Taxpayer	Princeton Township & Borough 2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Trustees of Princeton University	\$ 396,491,100	5.81%	Trustees of Princeton University	\$ 202,657,800	5.96%
Palmer Residences 1 LLC	56,459,300	0.83%	Palmer Sq. Ltd. Properties	19,703,100	0.58%
PSN Partners	33,800,000	0.50%	Jasna Polana	18,487,600	0.54%
Palmer Sq. Ltd. Partners	33,310,000	0.49%	PSN Partners	18,010,000	0.53%
Jasna Polana Golf Club	31,500,000	0.46%	Princeton Shopping Center	17,694,800	0.52%
Princeton (Edens) LLC	30,741,400	0.45%	Nassau Inn Partnership	14,878,500	0.44%
Avalon Properties, LLC	26,818,600	0.39%	Princeton Professional PK	11,355,900	0.33%
Nassau Inn Partnership	26,030,000	0.38%	Sands, George, Jeffery, Hilton Rlty	10,255,700	0.30%
Institute For Advanced Study	22,736,900	0.33%	Church & Dwight	9,000,000	0.26%
Princeton Theological Seminary	19,432,500	0.28%	The Medical Center @ Princeton	8,350,000	0.25%
<b>Total</b>	<b>\$ 677,319,800</b>	<b>9.93%</b>		<b>\$ 330,393,400</b>	<b>9.71%</b>
 Net Assessed Value	 <b>\$ 6,821,646,871</b>			 <b>\$ 3,401,573,117</b>	

Source: District CAFR & Municipal Tax Collector

Princeton Public Schools  
Property Tax Levies and Collections  
Last Three Fiscal Years  
Unaudited

**Municipality of Princeton**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 67,926,802	\$ 67,926,802	100.00%	-
2014	70,320,054	70,320,054	100.00%	-
2015	71,629,433	71,629,433	100.00%	-

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

**Note:** 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 certified prior to the end of the school year.

Last three fiscal years are presented separately from the previous seven fiscal years as a result of the merger of the municipalities in the 2013 fiscal year.

Princeton Public Schools  
Property Tax Levies and Collections  
Seven Fiscal Years from 2006 - 2012  
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
<b>Princeton Borough</b>				
2006	\$ 17,130,438	\$ 17,130,438	100.00%	-
2007	18,235,763	18,235,763	100.00%	-
2008	19,181,064	19,181,064	100.00%	-
2009	20,272,488	20,272,488	100.00%	-
2010	20,739,845	20,739,845	100.00%	-
2011	21,729,255	21,729,255	100.00%	-
2012	22,212,510	22,212,510	100.00%	-
<b>Princeton Township</b>				
2006	\$ 37,444,088	\$ 37,444,088	100.00%	-
2007	41,553,661	41,553,661	100.00%	-
2008	40,845,601	40,845,601	100.00%	-
2009	41,576,437	41,576,437	100.00%	-
2010	41,537,397	41,537,397	100.00%	-
2011	42,975,478	42,975,478	100.00%	-
2012	44,459,115	44,459,115	100.00%	-

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

**Note:** School taxes are collected by the Municipal Tax Collectors. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount certified prior to the end of the school year.

Princeton Public Schools  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

**Municipality of Princeton**

Ended June 30,	General Obligation Bonds	Capital Leases	Total District	Per Capita Estimate	Percentage of Per Capita	Per Capita Personal Income	Percentage of Per Capita
2013	\$ 44,740,000	\$ -	\$ 44,740,000	\$ 28,637	0.06%	\$ 53,271	0.12%
2014	40,495,000	-	40,495,000	29,008	0.07%	55,714	0.14%
2015	36,130,000	-	36,130,000	30,108	0.08%	56,906	0.16%

*Borough and Township Information Noted Below*

Fiscal Year Ended June 30,	Governmental Activities		Total District	Borough Per Capita <sup>a</sup>	Percentage of Per Capita Income <sup>a</sup>	Township Per Capita <sup>a</sup>	Percentage of Per Capita Income <sup>a</sup>
	General Obligation Bonds	Capital Leases					
2006	\$ 55,194,000	\$ 147,974	\$ 55,341,974	\$ 13,684	0.05%	\$ 17,353	0.03%
2007	52,124,000	125,461	52,249,461	13,517	0.10%	17,490	0.03%
2008	48,949,000	116,280	49,065,280	13,558	0.11%	16,672	0.03%
2009	45,610,000	168,746	45,778,746	13,381	0.11%	17,404	0.04%
2010	42,945,000	123,594	43,068,594	12,314	0.12%	16,284	0.04%
2011	40,000,000	29,859	40,029,859	12,131	0.13%	16,304	0.04%
2012	36,930,000	-	36,930,000	12,339	0.16%	16,298	0.04%

**Note:** Details regarding the District's outstanding debt can be found in the note 5 to the basic financial statements.

<sup>a</sup> See J-14 for personal income and population data. These ratios are calculated using per capita income and population for the prior calendar year.

Princeton Public Schools  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			Percentage of	
	General	Restricted for	Net General	Actual	
	Obligation Bonds	Debt Service	Bonded Debt Outstanding	Taxable Value of Property	Per Capita
2013	\$ 44,740,000	\$ 33,271	\$ 44,706,729	0.47%	\$1,562
2014	40,495,000	51,740	40,443,260	0.56%	1,394
2015	36,130,000	39,218	36,090,782	0.48%	1,199

Borough and Township Information Noted Below

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Borough	Township		
	General Obligation Bonds	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Borough Per Capita <sup>b</sup>	Percentage of Actual Taxable Value <sup>a</sup> of Property	Township Per Capita <sup>b</sup>
2006	\$ 55,194,000	\$ 55,194,000	5.50%	\$ 30,255	2.30%	\$ 63,056
2007	52,124,000	52,124,000	5.21%	49,847	2.16%	63,056
2008	48,949,000	48,949,000	4.86%	52,255	2.02%	63,056
2009	45,610,000	45,610,000	4.52%	52,255	1.87%	63,056
2010	42,945,000	42,945,000	1.93%	55,170	0.91%	63,056
2011	40,000,000	40,000,000	0.59%	52,255	0.87%	63,056
2012	36,930,000	36,930,000	0.51%	52,496	0.77%	63,056

**Note:** Details regarding the District's outstanding debt can be found in note 5 to the basic financial statements.

**a** See J-6 for property tax data.

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

N/A Information was not available.

Princeton Public Schools  
 Ratios of Overlapping Governmental Activities Debt  
 As of June 30, 2015  
 Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Municipality of Princeton	\$ 68,870,845	100.00%	\$ 68,870,845
<b>Other debt</b>			
M.C.I.A.	18,380,170	100.00%	<u>18,380,170</u>
Subtotal overlapping debt			<u>87,251,015</u>
<b>Princeton Public Schools: Direct Debt</b>			<u>36,130,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 123,381,015</u></u>

**Sources:** Mercer County Finance Office

**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 The Municipality of Princeton. 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.

<sup>a</sup> 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.



Princeton Public Schools  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income	Unemployment Rate <sup>d</sup>
2005	30,458	\$ 92,720	\$ 46,422	2.9%
2006	30,721	92,720	50,384	3.6%
2007	30,876	92,720	52,186	4.4%
2008	30,808	92,720	52,752	4.8%
2009	30,785	92,720	51,207	8.3%
2010	28,598	92,720	52,124	8.3%
2011	28,435	N/A	53,271	8.1%
2012	28,637	N/A	55,714 *	5.4%
2013	29,008	N/A	56,906 *	3.9%
2014	30,108	N/A	N/A	3.7%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Education.

<sup>b</sup> Personal income was not available, only county average.

<sup>d</sup> Unemployment data provided by the NJ Dept of Education for recent years

N/A - Information was not available.

\* Per Capita Personal Income provided by the NJ Dept of Education

Princeton Public Schools  
Principal Employers  
Current Year and Nine Years Ago  
Unaudited

**Princeton**

Employer	2015			2006		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Trustees of Princeton University	13,055	1	26.05%	5,245	1	53.98%
Covance	11,800	2	23.55%			0.00%
NRG Energy	5,193	3	10.36%			0.00%
Bristol-Meyers Squibb	4,484	4	8.95%			0.00%
Integra Life Sciences	3,400	5	6.78%			0.00%
Capital Health System	3,250	6	6.49%			0.00%
Educational Testing Services ETS	3,000	7	5.99%			0.00%
Church & Dwight Co.	2,750	8	5.49%	600	4	6.17%
Princeton Healthcare System	2,450	9	4.89%			0.00%
Princeton Public Schools	733	10	1.46%	625	3	6.43%
University Medical Center at Princeton				2,482	2	25.54%
Princeton Plasma Physics Lab				485	5	4.99%
Princeton Theological Seminary				280	6	2.88%
	<u>50,115</u>		<u>100.00%</u>	<u>9,717</u>		<u>100.00%</u>

**Source:** Princeton Chamber of Commerce

Princeton Public Schools  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
 Unaudited

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	249	310	314	323	323	270	281	282	277	287
Special education	92	36	38	40	41	45	43	49	51	52
Other special education	17	44	35	37	52	70	54	53	50	52
Other instruction	62	38	54	55	56	56	74	89	74	81
Support Services:										
Student & instruction related services	23	23	26	28	28	43	42	48	51	53
General administrative services	5	5	5	5	5	5	5	5	5	5
School administrative services	32	32	30	31	40	44	44	48	55	50
Business administrative services	13	13	13	13	13	12	13	13	12	12
Plant operations and maintenance	46	45	52	55	60	60	60	60	62	68
Pupil transportation	11	17	15	16	25	25	26	25	25	25
Total	<u>550</u>	<u>563</u>	<u>582</u>	<u>603</u>	<u>643</u>	<u>630</u>	<u>642</u>	<u>672</u>	<u>662</u>	<u>685</u>

**Source:** District Personnel Records

\* HR Department sorted staff by designation starting in 2011 FY

Princeton Public Schools  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

At June 30,	Pupil/Teacher Ratio								Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	High School				
2006	3,325	\$ 62,318,394	\$ 18,742	7.99%	341	1:17	1:22	1:19	3,325	3,205	0.76%	96.40%
2007	3,355	67,573,598	20,141	7.46%	346	1:10	1:11	1:12	3,357	3,242	0.96%	96.60%
2008	3,366	72,753,598	21,614	7.31%	352	1:09	1:10	1:12	3,343	3,228	-0.42%	96.60%
2009	3,366	73,430,057	21,815	0.93%	363	1:10	1:10	1:12	3,372	3,247	0.87%	95.87%
2010	3,340	75,720,561	22,671	3.92%	354	1:08	1:10	1:12	3,340	3,219	-0.95%	95.46%
2011	3,381	74,451,746	22,021	-2.87%	324	1:10	1:09	1:12	3,381	3,224	1.23%	95.36%
2012	3,378	78,635,188	23,279	5.71%	324	1:9	1:10	1:12	3,378	3,225	-0.09%	95.48%
2013	3,415	80,791,628	23,658	1.63%	331	1:8	1:10	1:11	3,415	3,247	1.10%	95.08%
2014	3,422	82,953,810	24,241	2.47%	328	1:9	1:11	1:12	3,422	3,236	0.20%	94.55%
2015	3,563	85,646,418	24,038	-0.84%	339	1:9	1:10	1:11	3,563	3,353	4.12%	95.21%

Sources: District records, Schedules J-16, J-18

Note: 'Enrollment' based June 30, 2015 SRS report.

- a Operating expenditures equal total expenditures less debt service, cost of bond issuance and capital outlay; (J-4)
- 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).

The FY2012 Operating Expenditures reflect a reclassification of capital outlays for the General Fund and Special Revenue Fund to conform to FY2013 presentation.

Princeton Public Schools  
School Building Information  
Last Ten Fiscal Years  
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>District Building</b>										
<b>Elementary</b>										
Community Park School (1962)										
Square Feet	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097
Capacity (students)	446	446	446	446	446	446	446	446	446	446
Enrollment	380	373	341	327	334	318	301	284	302	324
Johnson Park School (1959)										
Square Feet	62,455	62,455	62,455	62,455	62,455	62,455	62,455	62,455	62,455	62,455
Capacity (students)	393	393	393	393	393	393	393	393	393	393
Enrollment	339	355	366	360	381	375	357	351	350	376
Littlebrook School (1957)										
Square Feet	54,629	54,629	54,629	54,629	54,629	54,629	54,629	54,629	54,629	54,629
Capacity (students)	416	416	416	416	416	416	416	416	416	416
Enrollment	353	350	364	310	305	347	339	342	342	356
Riverside School (1959)										
Square Feet	60,094	60,094	60,094	60,094	60,094	60,094	60,094	60,094	60,094	60,094
Capacity (students)	409	409	409	409	409	409	409	409	409	409
Enrollment	329	342	343	312	298	278	254	265	281	271
<b>Middle School</b>										
John Witherspoon (1965)										
Square Feet	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531
Capacity (students)	860	860	860	860	860	860	860	860	860	860
Enrollment	660	631	615	671	642	659	715	742	691	713
<b>High School</b>										
Princeton High School (1927)										
Square Feet	198,210	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020
Capacity (students)	583	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Enrollment	1,264	1,307	1,314	1,386	1,380	1,404	1,412	1,430	1,456	1,523
<b>Other</b>										
Administration Building (Occupied space)										
Square Feet	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850
Number of Schools at June 30, 2015:										
Elementary =	4									
Middle School =	1									
High School =	1									
Other =	1									

**Source:** District records, SRS as of June 30, State's Final Determination Letter  
**Note:** Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual end of year SRS count (ADE).

Princeton Public Schools  
General Fund  
Schedule of Required Maintenance for School Facilities  
Last Ten Fiscal Years  
Unaudited

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

School Facilities	Year Ended June 30.									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
High School	\$ 340,318	\$ 312,476	\$ 385,851	\$ 461,625	\$ 412,842	\$ 267,989	\$ 349,051	\$ 355,843	\$ 361,494	\$ 308,932
John Witherspoon Middle	248,577	264,244	195,511	100,764	150,553	153,075	210,637	193,669	178,191	180,515
Community Park Elementary	127,857	132,429	119,870	145,063	147,188	134,807	104,938	103,999	82,264	76,546
Johnson Park Elementary	141,025	196,006	117,786	113,389	113,400	148,569	112,412	114,676	95,710	98,876
Littlebrook Elementary	156,703	111,547	113,770	104,308	100,938	138,221	121,882	103,607	72,452	65,358
Riverside Elementary	138,925	107,473	88,533	98,700	98,773	158,505	111,189	121,423	95,472	89,637
Grand Total	<u>\$ 1,153,405</u>	<u>\$ 1,124,175</u>	<u>\$ 1,021,321</u>	<u>\$ 1,023,849</u>	<u>\$ 1,023,694</u>	<u>\$ 1,001,166</u>	<u>\$ 1,010,109</u>	<u>\$ 993,217</u>	<u>\$ 885,583</u>	<u>\$ 819,864</u>

Source: District records of required maintenance.

Princeton Public Schools  
Insurance Schedule  
Year ended June 30, 2015  
Unaudited

Type of Coverage	Coverage	Deductible
Burlington County Insurance Pool Joint Insurance Fund BCIPJIF		
<b>Section I - Property:</b>		
Blanket building and contents	\$ 150,000,000	\$ 500
Extra expense		500
Flood/Earthquake		500
Valuable papers		500
Computer equipment:		500
Hardware		500
Software		500
Musical instruments		500
Demolition/Incr. Cost of Construction		500
Energy systems-boiler and machinery	125,000,000	1,000
<b>Section II - General Liability:</b>		
Bodily Injury & Property Damage	15,000,000	None
<b>Section III - Automobile Liability:</b>		
Bodily Injury & Property Damage	15,000,000	None
<b>Section IV - School Board Legal Liability Policy:</b>		
Aggregate limit of liability	15,000,000	None
<b>Section V - Crime:</b>		
Blanket employee dishonesty	500,000	500
Money & Securities	500,000	500
Faithful Performance	500,000	500
Depositors Forgery	500,000	500
<b>Workers Compensation:</b>		
Section A	Statutory	None
Section B-Employers Liability Limit	10,000,000	

**Source:** District Records

Princeton Public Schools  
Insurance Schedule  
Year ended June 30, 2015  
Unaudited

Type of Coverage	Coverage	Deductible
<b>Automobile:</b>		
Physical Damage	Comprehensive Collision	None None
<b>Environmental Pollution Legal Liability:</b>		
Aggregate limit of liability	3,000,000	25,000
<b>Cyber Liability</b>		
Limits of Liability	1,000,000	25,000
<b>Fidelity Bonds:</b>		
Selective Insurance Company		
Treasurer of School Monies	375,000	
Business Administrator/ Board Secretary	375,000	
Comptroller/ Asst. Board Secretary	375,000	
<b>Foreign Travel</b>		
Liability Student & Adult Chaperones	1,000,000	None
<b>Excess Liability ~ Umbrella Coverage</b>	50,000,000	

Source: District Records

# Single Audit Section

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*

Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
Princeton Public Schools  
Princeton, New Jersey  
County of Mercer

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Princeton Public Schools, in the County of Mercer, State of New Jersey (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2015.

**Internal Control Over Financial Reporting**

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

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

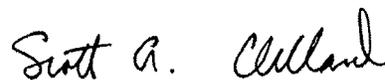
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 9, 2015  
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and  
Report on Internal Control Over Compliance Required by OMB A-133 and New  
Jersey OMB Circular 15-08

Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
Princeton Public Schools  
Princeton, New Jersey  
County of Mercer

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

We have audited Princeton Public Schools', in the County of Mercer, State of New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' 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 its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District'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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

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Those standards and requirements, OMB Circular A-133 and New Jersey OMB 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 and state program occurred. An audit includes examining, on a test basis, evidence about the District'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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the District 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, 2015.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 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 District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 9, 2015  
Iselin, New Jersey

Princeton Public Schools  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2014	Carryover/Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2015		
										Unearned Revenue	(Accounts Receivable)	Due to Grantor
<b>U.S. Department of Health and Human Services - Passed - Through State Department of Education</b>												
General Funds:												
Medical Assistance Program (SEMI)	93.778	7/1/14-6/30/15	\$ 6,096			\$ 4,822	\$ (6,096)				\$ (1,274)	
Medical Assistance Program (SEMI) - ARRA	93.778	7/1/14-6/30/15	5,558			5,558	(5,558)					
Medical Assistance Program (SEMI)	93.778	7/1/11-6/30/14	58,327	\$ (46,878)		46,878						
<b>Total U.S. Department of Health and Human Services - Passed - Through State Department of Education</b>				<b>(46,878)</b>		<b>57,258</b>	<b>(11,654)</b>				<b>(1,274)</b>	
<b>Total General Funds</b>				<b>(46,878)</b>		<b>57,258</b>	<b>(11,654)</b>				<b>(1,274)</b>	
<b>U.S. Department of Education—Passed-Through State Department of Education</b>												
Special Revenue Fund:												
Title I, Part A	84.010A	7/1/14-6/30/15	298,218			204,286	(219,730)				(15,444)	
Title I, Part A	84.010A	7/1/13-6/30/15	270,153	(170,584)		226,667	(56,197)		\$ 114			
Title I, Part A	84.010A	9/1/12-8/31/13	320,653	(40,059)		40,059						
Title II A	84.367A	7/1/14-6/30/15	114,192			73,407	(83,754)				(10,347)	
Title II A	84.367A	7/1/13-6/30/14	94,760	(32,534)		32,534						
Title III	84.365A	7/1/14-6/30/15	41,561			29,621	(32,088)				(2,467)	
Title III, Supplemental Immigrant Student Aid	84.365A	7/1/14-6/30/15	52,312			38,518	(41,398)				(2,880)	
Title III	84.365A	7/1/13-6/30/14	38,372	(3,147)		3,147						
LD.E.I.A. Part B, Regular	84.027	7/1/14-6/30/15	1,153,247			760,726	(938,736)				(178,010)	
LD.E.I.A. Part B, Regular	84.027	7/1/13-6/30/14	976,280	(245,970)		245,970						
LD.E.I.A. Part B, Preschool	84.173	7/1/14-6/30/15	29,235			27,341	(28,121)				(780)	
LD.E.I.A. Part B, Preschool	84.173	7/1/13-6/30/14	27,500	(9,278)		9,278						
<b>Total Special Revenue Fund</b>				<b>(501,572)</b>		<b>1,691,554</b>	<b>(1,400,024)</b>		<b>114</b>		<b>(209,928)</b>	
<b>U.S. Department of Agriculture—Passed-Through State Department of Education</b>												
Enterprise Fund:												
Food Donation Program (NC)	10.555	7/1/14-6/30/15	49,587			49,587	(46,656)			\$ 2,931		
Food Donation Program (NC)	10.555	7/1/13-6/30/15	41,769	394			(394)					
National School Breakfast Program	10.553	7/1/14-6/30/15	29,574			27,167	(29,574)				(2,407)	
National School Breakfast Program	10.553	7/1/13-6/30/14	10,519	(1,103)		1,103						
National School Lunch Program	10.555	7/1/14-6/30/15	212,298			193,449	(212,298)				(18,849)	
National School Lunch Program	10.555	7/1/13-6/30/14	194,220	(18,592)		18,592						
<b>Total Enterprise Fund and Total U.S. Department of Agriculture— Passed-Through State Department of Education</b>				<b>(19,301)</b>		<b>289,898</b>	<b>(288,922)</b>			<b>2,931</b>	<b>(21,256)</b>	
<b>Total Federal Awards</b>				<b>\$ (567,751)</b>		<b>\$ 2,038,710</b>	<b>\$ (1,700,600)</b>		<b>\$ 114</b>	<b>\$ 2,931</b>	<b>\$ (232,458)</b>	<b>\$ -</b>
NC-non cash expenditures												

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Princeton Public Schools

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance at June 30, 2015			Memo	
				Unearned Rev. (Accts Rec)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<b>State Department of Education</b>															
<b>General Fund:</b>															
Transportation Aid	495-034-5120-014	7/1/14-6/30/15	\$ 846,497				\$ 788,432	\$ (846,497)						\$ (58,065)	\$ (846,497)
Transportation Aid	495-034-5120-014	7/1/13-6/30/14	846,497	(69,739)			69,739								
Special Education Categorical Aid	495-034-5120-089	7/1/14-6/30/15	2,107,628				1,963,056	(2,107,628)						(144,572)	(2,107,628)
Special Education Categorical Aid	495-034-5120-089	7/1/13-6/30/14	2,107,628	(173,639)			173,639								
Security Aid	495-034-5120-084	7/1/14-6/30/15	299,807				279,242	(299,807)						(20,565)	(299,807)
Security Aid	495-034-5120-084	7/1/13-6/30/14	299,807	(24,700)			24,700								
Adjustment Aid	495-034-5120-085	7/1/14-6/30/15	107,606				100,226	(107,606)						(7,380)	(107,606)
Adjustment Aid	495-034-5120-085	7/1/13-6/30/14	107,606	(8,865)			8,865								
Extraordinary Aid	495-034-5120-044	7/1/14-6/30/15	1,438,125					(1,438,125)				\$ (1,438,125)			(1,438,125)
Extraordinary Aid	495-034-5120-044	7/1/13-6/30/14	1,189,454	(1,189,454)			1,189,454								
Additional NP Transportation Aid	495-034-5120-014	7/1/14-6/30/15	38,651					(38,651)						(38,651)	(38,651)
Additional NP Transportation Aid	495-034-5120-014	7/1/13-6/30/14	27,446	(27,446)			27,446								
PARCC Readiness Aid	495-034-5120-098	7/1/14-6/30/15	34,020				31,686	(34,020)						(2,334)	(34,020)
Per Pupil Growth Aid	495-034-5120-097	7/1/14-6/30/15	34,020				31,686	(34,020)						(2,334)	(34,020)
On-Behalf TPAF Pension and Medical Contributions	495-034-5094-001/006/007	7/1/14-6/30/15	4,469,294				4,469,294	(4,469,294)							(4,469,294)
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/14-6/30/15	2,257,622				2,032,684	(2,257,622)					(224,938)		(2,257,622)
Reimbursed TPAF - Social Security	495-034-5094-003	7/1/13-6/30/14	2,323,268	(114,549)			114,549								
<b>Total General Fund</b>				<b>(1,608,392)</b>			<b>11,304,698</b>	<b>(11,633,270)</b>				<b>(1,701,714)</b>		<b>(235,250)</b>	<b>(11,633,270)</b>
<b>Special Revenue Fund:</b>															
Preschool Education Aid	495-034-5120-086	7/1/14-6/30/15	49,500				44,550	(49,500)						(4,950)	(49,500)
Preschool Education Aid	495-034-5120-086	7/1/13-6/30/14	49,500	(4,950)			4,950								
<b>New Jersey Non-Public Aid:</b>															
Textbook Aid	100-034-5120-064	7/1/14-6/30/15	155,207				155,207	(143,874)				\$ 11,333			(143,874)
Textbook Aid	100-034-5120-064	7/1/13-6/30/14	141,952		\$ 14,647					\$ (14,647)					
<b>Non Public Auxiliary Services (Ch. 192):</b>															
English as a Second Language		7/1/14-6/30/15	7,216				7,216	(7,216)							(7,216)
Home Instruction		7/1/14-6/30/15	5,334					(5,334)				(5,334)			(5,334)
Home Instruction		7/1/13-6/30/14	483	(483)			483								
Compensatory Education		7/1/14-6/30/15	57,331				57,331	(49,889)					7,442		(49,889)
Compensatory Education		7/1/13-6/30/14	56,495		24,824					(24,824)					
<b>Non Public Handicapped Services (Ch. 193):</b>															
Supplemental Instruction	100-034-5120-066	7/1/14-6/30/15	19,618				19,618	(19,618)							(19,618)
Supplemental Instruction		7/1/13-6/30/14	17,901												
Examination and Classification		7/1/14-6/30/15	85,176				85,176	(70,595)					14,581		(70,595)
Examination and Classification		7/1/13-6/30/14	65,927		12,899					(12,899)					
Corrective Speech		7/1/14-6/30/15	48,593				48,593	(45,942)					2,651		(45,942)
Corrective Speech		7/1/13-6/30/14	67,964		24,998					(24,998)					
Non Public Technology Initiative	100-034-5120-373	7/1/14-6/30/15	83,360				83,360	(82,153)					1,207		(82,153)
Non Public Technology Initiative	100-034-5120-373	7/1/13-6/30/14	51,760		528					(528)					
Non Public Nursing Services	100-034-5120-070	7/1/14-6/30/15	279,428				279,428	(202,744)					76,684		(202,744)
Non Public Nursing Services	100-034-5120-070	7/1/13-6/30/14	224,498		59,730					(59,730)					
New Jersey Achievement Coaches Content Development	15E00130	2/1/15-8/31/15	35,000					(1,077)					(1,077)		(1,077)
<b>Total Special Revenue Fund</b>				<b>(5,433)</b>	<b>137,626</b>		<b>785,912</b>	<b>(677,942)</b>	<b>(137,626)</b>			<b>(6,411)</b>	<b>113,898</b>	<b>(4,950)</b>	<b>(677,942)</b>
<b>New Jersey School Development Authority</b>															
<b>Capital Projects Fund:</b>															
School Development Authority Grant	4255-080-14-1009	12/19/14-completion	10,568					(10,568)						(10,568)	(10,568)
School Development Authority Grant	4255-085-14-1010	12/19/14-completion	21,152					(21,152)						(21,152)	(21,152)
School Development Authority Grant	4255-090-14-1011	12/19/14-completion	12,910					(12,910)						(12,910)	(12,910)
School Development Authority Grant	4255-090-14-1005	12/19/14-completion	68,788				24,374	(48,958)						(24,584)	(48,958)
School Development Authority Grant	4255-090-14-1006	12/19/14-completion	372,600				220,094	(275,117)						(55,023)	(275,117)
School Development Authority Grant	4255-110-14-1007	12/19/14-completion	29,348				11,887	(23,774)						(11,887)	(23,774)
<b>Total Capital Projects Fund</b>							<b>256,355</b>	<b>(392,479)</b>				<b>(136,124)</b>			<b>(392,479)</b>
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
State School Lunch Program (State share)	100-010-3350-023	7/1/14-6/30/15	7,498				6,630	(7,498)					(868)		(7,498)
State School Lunch Program (State share)	100-010-3350-023	7/1/13-6/30/14	7,405	(1,003)			1,003						(868)		(7,498)
<b>Total Enterprise Fund</b>				<b>(1,003)</b>			<b>7,633</b>	<b>(7,498)</b>					<b>(868)</b>		<b>(7,498)</b>
<b>Total State Financial Assistance</b>				<b>\$ (1,614,828)</b>	<b>\$ 137,626</b>	<b>\$ -</b>	<b>\$ 12,354,598</b>	<b>\$ (12,711,189)</b>	<b>\$ (137,626)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,845,117)</b>	<b>\$ 113,898</b>	<b>\$ (240,200)</b>	<b>\$ (12,711,189)</b>
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>															
On-Behalf TPAF Pension and Medical Contributions	495-034-5094-001/006/007	7/1/14-6/30/15	4,469,294				4,469,294	(4,469,294)							(4,469,294)
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (1,614,828)</b>	<b>\$ 137,626</b>	<b>\$ -</b>	<b>\$ 7,885,304</b>	<b>\$ (8,241,895)</b>	<b>\$ (137,626)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,845,117)</b>	<b>\$ 113,898</b>	<b>\$ (240,200)</b>	<b>\$ (8,241,895)</b>

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

## Princeton Public Schools

### Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2015

#### **1. General**

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

#### **2. Basis of Accounting**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some of the amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

#### **3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal 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 payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP

Princeton Public Schools

Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2015

**3. Relationship to Basic Financial Statements (continued)**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$41,693 for the general fund and \$10,894 for the special revenue fund. See note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to GAAP of accounting for the general and special revenue funds. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ 11,654	\$ 11,674,963	\$ 11,686,617
Special Revenue Fund	1,411,970	675,139	2,087,109
Capital Projects Fund		392,479	392,479
Food Service Enterprise Fund	288,922	7,498	296,420
Total financial award revenues	<u>\$ 1,712,546</u>	<u>\$ 12,750,079</u>	<u>\$ 14,462,625</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$22,840 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

**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.

Princeton Public Schools

Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2015

**5. Adjustment**

The adjustment presented on Schedule A of K-3 represents a write-off of an accounts receivable.

**6. Other**

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2015.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2015 amounted to \$4,469,294. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB's Circular 15-08, as directed by the funding agency.

Princeton Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**Part I - Summary of Auditors' Results**

**Financial Statement Section**

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u>      </u> Yes	<u>  ✓  </u>	No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  ✓  </u>	None Reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  ✓  </u>	No

**Federal Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>		
Auditee qualified as low-risk auditee?	<u>  ✓  </u> Yes	<u>      </u>	No
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>		
Internal control over major programs:			
Material weakness(es) identified?	<u>      </u> Yes	<u>  ✓  </u>	No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  ✓  </u>	None Reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	<u>      </u> Yes	<u>  ✓  </u>	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	IDEIA, Part B, Regular Cluster
84.173	IDEIA, Preschool Cluster

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2015

**Part I - Summary of Auditors' Results (continued)**

**State Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

✓ Yes \_\_\_\_\_ No

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

Unmodified

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes ✓ No

Significant deficiency (ies) identified?

\_\_\_\_\_ Yes ✓ None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08?

\_\_\_\_\_ Yes ✓ No

Identification of major programs:

<u>GMIS/Program Number</u>	<u>Name of State Program or Cluster</u>
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-044	Extraordinary Aid
495-034-5120-014	Transportation Aid

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2015

**Part II - Schedule of Financial Statement Findings**

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2015

**Part III - Schedule of Federal Award and State Financial Assistance  
Findings and Questioned Costs**

No compliance or internal control findings noted that are required to be reported in accordance with OMB Circular A-133 and New Jersey State OMB Circular 15-08.

Princeton Public Schools  
Summary Schedule of Prior Year Audit Findings  
Year ended June 30, 2015

None.