

**PRINCETON PUBLIC SCHOOLS**  
Princeton, New Jersey

# **Princeton Public Schools**



**Live to Learn, Learn to Live**

**Comprehensive Annual Financial Report for the  
Year ended June 30, 2016**

# **Princeton Public Schools**

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

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

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

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# Introductory Section

# Princeton Public Schools



Live to Learn, Learn to Live

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

October 19, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (“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, 2016, 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, the Uniform Guidance 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 form of educational program. The District completed the 2015-2016 fiscal year with an average daily enrollment of 3,553 students, which is 10 students less 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>
2015-16	3,553	(0.002)%
2014-15	3,563	4.12
2013-14	3,422	0.20
2012-13	3,415	1.10
2011-12	3,378	(0.09)

## **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 though, that there may be some commercial and residential growth potential within the Municipality of Princeton. Avalon Bay Apartment complex on Witherspoon Street has been under construction for some time and began to welcome residents in August 2016. A few families have already enrolled their children in District schools for 2016-2017. At this time, we do not know what the total impact of this new housing will have on student enrollment. Avalon Bay representatives have informed us to expect increased enrollment by January 2017. Additionally, the Merwick Stanworth neighborhood on Bayard Street has many newly completed homes now available. Many families have enrolled their children in District schools for 2016-2017 from this neighborhood. The administration will continue to monitor these housing projects and related enrollment closely. The District had a demographic study completed in the summer of 2014 which reported rising enrollment, especially in the high school, but the report did not show the enrollment growth we are experiencing at the elementary level. All school buildings are in good condition but the District anticipates the need of significant expenditures for building expansion to support the growing enrollment. The needs are under review currently and plans for a referendum will begin in the near future.

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>
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	348
2016-17 projected	348

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. Enrollment of the high school increases when Charter School families choose to send their children to Princeton High School.

### **3. Major Initiatives**

#### **Facilities Improvement 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 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 is being used for other projects; such as a large plant generator at the middle school and a smaller window replacement project at Riverside 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 seven years remaining as of June 30, 2016.

The District was recently awarded three ROD grants which are in support of window replacement projects at Princeton High School, Community Park Elementary and Littlebrook Elementary schools. The New Jersey Schools Development Authority grants will contribute 40% of the costs for these three projects saving the District in excess of \$700,000. The District is supporting 60% of the costs through capital reserve funds. Additionally, capital reserve funds were used to support a re-configuration project at the high school. The Room 98.5 expansion created additional class room space. This new space was available for use 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.

## Personnel Management

The Office of Human Resources uses an established protocol to ensure that all candidates are properly credentialed and certified under New Jersey law. To find the best possible candidates, District staff participated in many job fairs in the mid-Atlantic region and performed extension outreach efforts nationally. Additionally, a software program *Applitrack* was used successfully, again this year, to manage job applications. The Human Resources manuals 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 support new hires to the teaching profession in the District's seven-year mentoring and induction program. 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 in collaboration with the Board's Personnel Committee. The Office of Human Resources is continually revising the faculty and administrator evaluation process annually to meet the changing State requirements as well as developing innovative methods for enhancing classroom instruction with State approval. The Danielson Model of supervision and evaluation process was initially selected by the District's Evaluation Advisory Committee (DEAC) as the teacher practice platform to meet the State's observation and evaluation requirements under the NJAchieve law and continues to serve as the District model for teacher practice.

## 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 kindergarten 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 program began at one of our elementary schools in 2015-2016. Two kindergarten, first and second grade classes will be involved in this program during the second year of implementation. 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 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 - 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, the related Uniform Guidance 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, 2015, and was again granted the award. In order to earn this award, 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 *nineteenth* (19<sup>th</sup>) consecutive year the District has received this award.

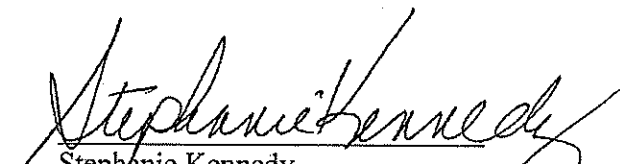
We believe that our current comprehensive annual financial report continues to meet the Program's rigorous requirements, and we are submitting it to ASBO International to determine its eligibility for the fiscal year 2015-2016 award.

## **8. Acknowledgments**

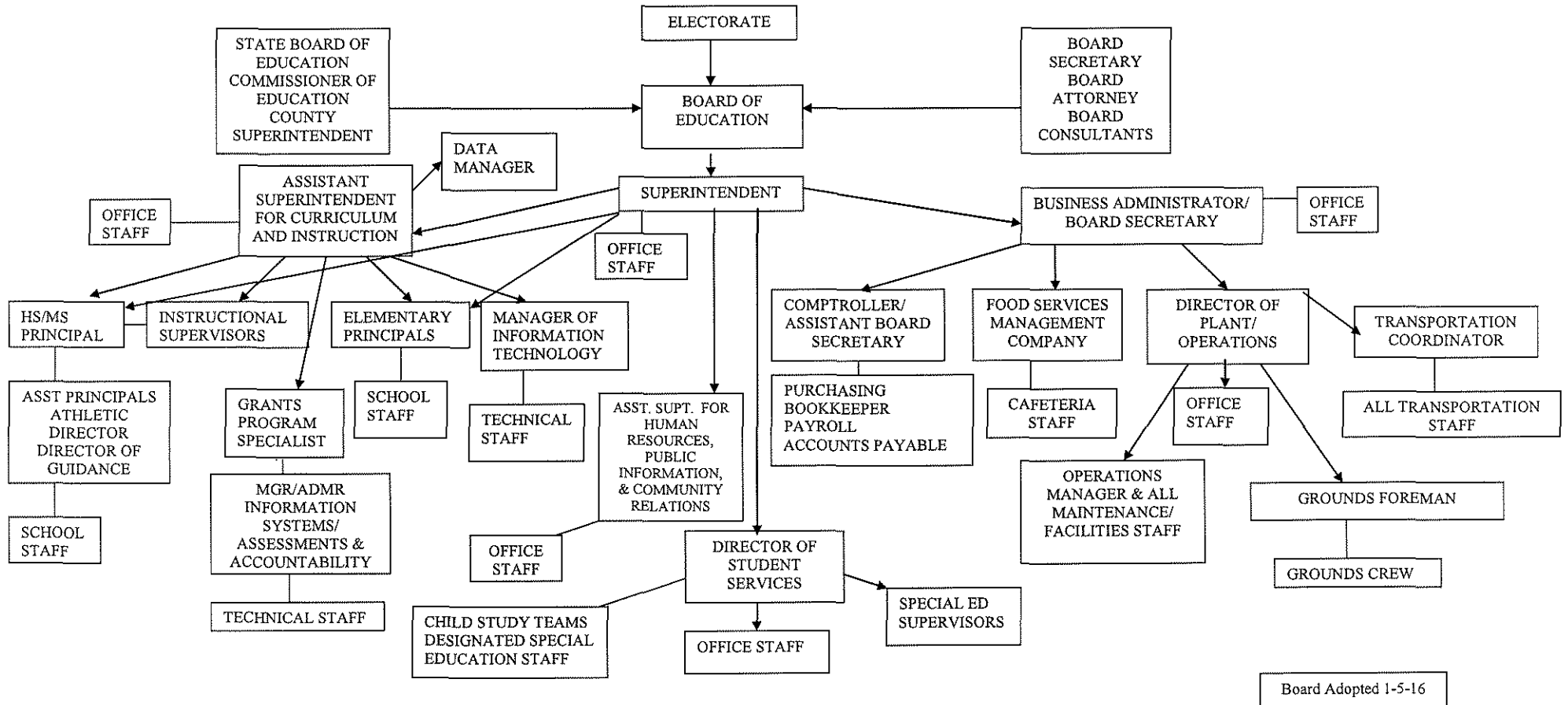
We would like to express our appreciation to the members of the Princeton School Board for its concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

  
Stephen C. Cochrane  
Superintendent of Schools

  
Stephanie Kennedy  
Business Administrator/Board Secretary

## PRINCETON PUBLIC SCHOOLS ORGANIZATIONAL CHART



Princeton Public Schools  
Princeton, New Jersey

Roster of Officials

June 30, 2016

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires (December)</u></b>
Andrea Spalla, President	2016
Patrick Sullivan, Vice President	2018
Molly Chrein	2016
Betsy Baglio	2018
Justin Doran	2017
Thomas Hagedorn	2016
Dafna Kendal	2018
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  
354 Eisenhower Parkway  
Suite 1850  
Livingston, New Jersey 07039

**Architects**

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

Spiezle Group  
120 Sanhican Drive  
Trenton, New Jersey 08618

**Attorney**

Parker McCay, P.A.  
9000 Midlantic Drive,  
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, 2015.**

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



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

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, 2016, 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.

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, 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.

#### ***Other Information***

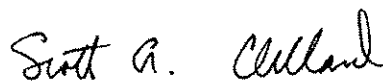
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements.

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

The introductory and statistical sections have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2016 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

October 19, 2016  
Livingston, New Jersey

Required Supplementary Information  
Part I

Management's Discussion and Analysis

# Princeton Public Schools Management's Discussion and Analysis

Year ended June 30, 2016

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, 2016. 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 23-24 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 25-27 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 28-30 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 31-32 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 33-69 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 70-97 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 \$38,466,817 (net position) for the fiscal year ended June 30, 2016 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, 2016 and 2015:

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).

Princeton Public Schools  
Princeton, New Jersey  
Net Position  
June 30,

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>						
Current and other assets	\$ 11,236,244	\$ 302,247	\$ 11,538,491	\$ 12,224,801	\$ 320,914	\$ 12,545,715
Capital assets, net	88,485,652	171,210	88,656,862	91,527,964	212,054	91,740,018
Total assets	99,721,896	473,457	100,195,353	103,752,765	532,968	104,285,733
Deferred outflows of resources	7,173,341		7,173,341	4,110,107		4,110,107
<b>Liabilities:</b>						
Current liabilities	7,593,340	54,405	7,647,745	8,653,196	85,348	8,738,544
Net pension liability	27,491,446		27,491,446	22,474,829		22,474,829
Long-term liabilities outstanding	33,320,676		33,320,676	38,157,543		38,157,543
Total liabilities	68,405,462	54,405	68,459,867	69,285,568	85,348	69,370,916
Deferred inflow of resources	442,010		442,010	1,339,378		1,339,378
<b>Net position:</b>						
Net investment in capital assets	57,046,654	171,210	57,217,864	55,851,942	212,054	56,063,996
Restricted for capital reserve	2,222,937		2,222,937	2,386,002		2,386,002
Restricted for capital projects	1,952,005		1,952,005	2,076,811		2,076,811
Restricted for excess surplus-current year	711,742		711,742	147,897		147,897
Restricted for excess surplus-prior year	147,897		147,897	446,108		446,108
Unrestricted (deficit)	(24,033,470)	247,842	(23,785,628)	(23,670,834)	235,566	(23,435,268)
Total net position	\$ 38,047,765	\$ 419,052	\$ 38,466,817	\$ 37,237,926	\$ 447,620	\$ 37,685,546

Current and other assets decreased primarily due to the decrease in cash and cash equivalents, as a large withdrawal of approximately \$1,200,000 was made from the capital reserve and utilized to fund capital projects. Deferred outflows of resources increased due to the large increase in pension deferrals based on actuarial calculations. Net pension liability increased as a result of changes of assumptions by the pension plan's actuary as well as changes in proportion of the allocation of the net pension liability. Long-term liabilities decreased mainly due to the payment of principal on debt. Deferred inflow of resources decreased due to the difference between the projected and actual earnings on pension plan investments.

Capital assets, net decreased from the prior year due to the completion of several projects, which resulted in the entire 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 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.

There was no substantial change in business-type activity assets, liabilities and net position for the year ended June 30, 2016.

**Government-wide activities.** The key elements of the District's net position for the years ended June 30, 2016 and 2015 are as follows:

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

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 5,570,959	\$ 635,162	\$ 6,206,121	\$ 5,171,193	\$ 618,599	\$ 5,789,792
Operating grants and contributions	2,216,199	300,296	2,516,495	2,193,352	296,420	2,489,772
Capital grants and contributions	21,749		21,749	392,479		392,479
General revenues:						
Property taxes	73,412,568		73,412,568	71,629,433		71,629,433
Federal and state aid not restricted to specific purposes	22,530,148		22,530,148	18,952,008		18,952,008
Earnings on investments	87,684	1,502	89,186	86,592	1,190	87,782
Miscellaneous	673,868		673,868	404,436		404,436
<b>Total revenues</b>	<b>104,513,175</b>	<b>936,960</b>	<b>105,450,135</b>	<b>98,829,493</b>	<b>916,209</b>	<b>99,745,702</b>
Expenses:						
Instructional services	60,336,519		60,336,519	56,321,975		56,321,975
Support services	37,101,814	965,528	38,067,342	35,498,083	906,162	36,404,245
Charter school	4,907,407		4,907,407	4,899,659		4,899,659
Interest on long-term debt	1,357,596		1,357,596	1,224,530		1,224,530
<b>Total expenses</b>	<b>103,703,336</b>	<b>965,528</b>	<b>104,668,864</b>	<b>97,944,247</b>	<b>906,162</b>	<b>98,850,409</b>
Change in net position	809,839	(28,568)	781,271	885,246	10,047	895,293
Net position-beginning of year	37,237,926	447,620	37,685,546	57,984,687	437,573	58,422,260
Restatement			-	(21,632,007)		(21,632,007)
Net position-beginning of year (as restated)	37,237,926	447,620	37,685,546	36,352,680	437,573	36,790,253
<b>Net position - end of year</b>	<b>\$ 38,047,765</b>	<b>\$ 419,052</b>	<b>\$ 38,466,817</b>	<b>\$ 37,237,926</b>	<b>\$ 447,620</b>	<b>\$ 37,685,546</b>

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 Schools Development Authority grants received in the current year as compared to the prior year.

Property taxes increased \$1,783,135, which was in accordance with state regulations.

The increase in unrestricted federal and state aid is mainly due to an increase in the TPAF full accrual pension adjustment of \$2,521,745, as well as an increase in on-behalf TPAF pension contributions of \$1,100,554.

Instructional and support services expenses increased due to increases in the number of employees, and salary and benefits increases, as well as increase in the on-behalf TPAF pension contributions.

### **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 \$2,227,902, while the total fund balance was \$7,808,040. The net change in total fund balance for the General Fund was a decrease of \$356,163, which was mainly attributable to the use of fund balance and the restricted capital reserve account funds. The District withdrew \$1,164,795 for the use of capital projects and deposited \$1,000,000 into capital reserve.

*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 \$22,847 attributable mostly to an increase in federal and state grants expended. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$1,033,232.

*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 \$381,872 in the current fiscal year compared to expenditures of \$2,182,722 in the prior year. The decrease was mainly due to current year expenditures relating to three new New Jersey Schools Development Authority grants that were awarded that were started, but not completed. Prior year expenditures related to six grant projects that were started and completed in full in the prior year.

*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 \$26,702, which is attributable to interest earned in the capital projects fund during the prior 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, 2016, and the increases in relation to prior year.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase from 2015</b>	<b>Percent of Increase</b>
Local sources	\$ 79,573,517	84.3%	\$ 2,192,409	2.8%
State sources	13,431,086	14.2	1,080,984	8.8
Federal sources	1,432,793	1.5	9,169	0.6
<b>Total</b>	<b>\$ 94,437,396</b>	<b>100.0%</b>	<b>\$ 3,282,562</b>	<b>3.6%</b>

The increase in local sources is mainly attributable to an increase in the tax levy of \$1,783,135, as well as an increase in tuition revenue.

The increase in state sources is mainly 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 \$1,100,554, offset by decreases in various other state grants.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016, 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 2015</b>	<b>Percent of Increase (Decrease)</b>
Current expenditures:				
Instruction	\$ 37,514,063	39.8%	\$ 673,043	1.8%
Support services	45,858,089	48.7	1,952,350	4.4
Charter schools	4,907,407	5.2	7,748	0.2
Debt service:				
Principal	4,734,765	5.0	369,765	8.5
Interest	1,193,850	1.3	(101,303)	(7.8)
<b>Total</b>	<b>\$ 94,208,174</b>	<b>100.0%</b>	<b>\$ 2,901,603</b>	<b>3.2%</b>

The increase in instruction and support services expenditures is mainly attributable to the increase in the number of instruction related employees as well as the increase in salaries of teachers and other employees for regular programs and special education instruction, as well an increase in the related health benefits.

## **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 regular programs-undistributed instruction for other salaries for instruction decreased from the original budget by approximately \$424,000 or 28% as a result of the accumulated leave budgeted amounts transferring to the budget line associated with payouts.
- The modified budget for regular programs-undistributed instruction for general supplies increased from the original budget by approximately \$144,000 or 12% as a result of a more funds needed to purchase additional teaching supplies.
- The modified budget for resource room/center increased from the original budget by approximately \$261,000 or 9% as a result of the addition of new staff to the Resource Room (approximately 4 employees).

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 \$857,424 or 66% 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 regular programs-undistributed instruction were less than the final budget by approximately \$520,000 or 2% as a result of the District not needing as much funding as was budgeted for accumulated leave pay.
- The actual amounts expended for undistributed expenditures-custodial services were less than the final budget by approximately \$220,000 or 5% as a result of lower gas prices in the current year, as compared to the prior year, which is how the budgeted figure was determined.

## Capital Assets

At the end of the fiscal years ended June 30, 2016 and 2015, the District had \$88,656,862 and \$91,952,072, 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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 195,190	\$ 195,190		
Construction in progress	176,708	778,176		
Building and building improvements	86,062,833	89,019,905		
Machinery and equipment	2,050,921	1,534,693	\$ 171,210	\$ 212,054
Total	<u>\$ 88,485,652</u>	<u>\$ 91,740,018</u>	<u>\$ 171,210</u>	<u>\$ 212,054</u>

The decrease in capital assets, net is due to capital asset additions being less than depreciation expense during the 2015-16 year. For more detailed information, please refer to Note 4 to the basic financial statements.

## Debt Administration and Long-Term Liabilities

At June 30, 2016, the District had \$38,428,962 of outstanding long-term liabilities. Of this amount, \$5,544,340 is for compensated absences; \$31,635,000 of serial bonds for school construction; and \$1,249,622 is for the unamortized premium on bonds. The District paid \$4,495,000 of the principal balance of outstanding bonds during the 2015-16 fiscal year and no additional bonds were issued. The legal debt margin at June 30, 2016 is \$267,764,392.

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 \$2,541,897 of its 2016 fund balance to partially fund 2016-2017 operations, a decrease of \$279,211 from the prior year.
- The 2016-2017 tax levy was increased in accordance with state regulations.

All of the above factors were considered in preparing the District's 2016-17 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, 2016.

## Princeton Public Schools

## Statement of Net Position

June 30, 2016

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,444,046	\$ 267,076	\$ 6,711,122
Accounts receivable	2,569,261	20,609	2,589,870
Inventories		14,562	14,562
Restricted assets:			
Cash and cash equivalents	2,222,937		2,222,937
Capital assets, non-depreciable	371,898		371,898
Capital assets, depreciable, net	88,113,754	171,210	88,284,964
Total assets	<u>99,721,896</u>	<u>473,457</u>	<u>100,195,353</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on defeasance of debt	1,066,146		1,066,146
Pension deferrals	6,107,195		6,107,195
Total deferred outflows of resources	<u>7,173,341</u>		<u>7,173,341</u>
Total assets and deferred outflows of resources	<u>106,895,237</u>	<u>473,457</u>	<u>107,368,694</u>
<b>Liabilities</b>			
Accounts payable	1,844,568	7,248	1,851,816
Accrued interest payable	449,833		449,833
Intergovernmental payables:			
State	117,195		117,195
Unearned revenue	73,458	47,157	120,615
Net pension liability	27,491,446		27,491,446
Current portion of long-term obligations	5,108,286		5,108,286
Noncurrent portion of long-term obligations	33,320,676		33,320,676
Total liabilities	<u>68,405,462</u>	<u>54,405</u>	<u>68,459,867</u>
<b>Deferred Inflow of Resources</b>			
Pension deferrals	442,010		442,010
<b>Net position</b>			
Net investment in capital assets	57,046,654	171,210	57,217,864
Restricted for:			
Capital reserve	2,222,937		2,222,937
Capital projects	1,952,005		1,952,005
Excess Surplus-current year	711,742		711,742
Excess Surplus-prior year	147,897		147,897
Unrestricted (deficit)	(24,033,470)	247,842	(23,785,628)
Total net position	<u>\$ 38,047,765</u>	<u>\$ 419,052</u>	<u>\$ 38,466,817</u>

See accompanying notes to the basic financial statements.

## Princeton Public Schools

## Statement of Activities

Year ended June 30, 2016

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	\$ 60,336,519	\$ 5,376,277	\$ 1,204,183	\$ 13,138	\$ (53,742,921)		\$ (53,742,921)
Support services:							
Attendance/social work	340,855			69	(340,786)		(340,786)
Health services	1,174,587			244	(1,174,343)		(1,174,343)
Other support services	10,627,993		1,012,016	2,319	(9,613,658)		(9,613,658)
Improvement of instruction	414,027			91	(413,936)		(413,936)
Other support: instructional staff	2,115,351			407	(2,114,944)		(2,114,944)
School library	2,649,056			624	(2,648,432)		(2,648,432)
General administration	1,127,016			275	(1,126,741)		(1,126,741)
School administration	4,653,951			958	(4,652,993)		(4,652,993)
Central services	1,721,539			386	(1,721,153)		(1,721,153)
Admin info technology	169,930			34	(169,896)		(169,896)
Required maintenance of plant services	1,752,868			473	(1,752,395)		(1,752,395)
Operation of plant	6,933,749			1,737	(6,932,012)		(6,932,012)
Student transportation	3,420,892	194,682		994	(3,225,216)		(3,225,216)
Charter schools	4,907,407				(4,907,407)		(4,907,407)
Interest on long-term debt	1,357,596				(1,357,596)		(1,357,596)
Total governmental activities	103,703,336	5,570,959	2,216,199	21,749	(95,894,429)		(95,894,429)
<b>Business-type activities</b>							
Food service	965,528	635,162	300,296			\$ (30,070)	(30,070)
Total business-type activities	965,528	635,162	300,296			(30,070)	(30,070)
Total primary government	\$ 104,668,864	\$ 6,206,121	\$ 2,516,495	\$ 21,749	(95,894,429)	(30,070)	(95,924,499)
<b>General revenues:</b>							
Property taxes, levied for general purposes					68,227,892		68,227,892
Property taxes, levied for debt service					5,184,676		5,184,676
Federal and state sources					22,530,148		22,530,148
Investment earnings					87,684	1,502	89,186
Miscellaneous income					673,868		673,868
Total general revenues					96,704,268	1,502	96,705,770
Change in net position					809,839	(28,568)	781,271
Net position—beginning					37,237,926	447,620	37,685,546
Net position—ending					\$ 38,047,765	\$ 419,052	\$ 38,466,817

# Fund Financial Statements

# Governmental Funds

Princeton Public Schools  
Governmental Funds

Balance Sheet

June 30, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 4,101,210		\$ 2,327,792	\$ 15,044	\$ 6,444,046
Accounts receivable:					
State	1,446,135	\$ 242	21,749		1,468,126
Federal	3,319	492,654			495,973
Local	234,546				234,546
Interfund	129,626			11,658	141,284
Other	120,616				120,616
Restricted cash and cash equivalents	2,222,937				2,222,937
Total assets	<u>\$ 8,258,389</u>	<u>\$ 492,896</u>	<u>\$ 2,349,541</u>	<u>\$ 26,702</u>	<u>\$ 11,127,528</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 450,349	\$ 182,803	\$ 1,164		\$ 634,316
Intergovernmental payables:					
State		117,195			117,195
Interfunds payable		124,390	16,894		141,284
Unearned revenue		73,458			73,458
Total liabilities	450,349	497,846	18,058		966,253
Fund balances:					
Restricted for:					
Capital reserve	2,222,937				2,222,937
Capital projects			2,331,483		2,331,483
Debt service				\$ 26,702	26,702
Excess surplus-current year	711,742				711,742
Excess surplus-prior year	147,897				147,897
Assigned to:					
Designated for subsequent year expenditures	2,394,000				2,394,000
Designated for subsequent year expenditures - ARRA SEMI	3,319				3,319
Other purposes	100,243				100,243
Unassigned (deficit)	2,227,902	(4,950)			2,222,952
Total fund balances	<u>7,808,040</u>	<u>(4,950)</u>	<u>2,331,483</u>	<u>26,702</u>	<u>10,161,275</u>
Total liabilities and fund balances	<u>\$ 8,258,389</u>	<u>\$ 492,896</u>	<u>\$ 2,349,541</u>	<u>\$ 26,702</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 \$126,066,680 and the accumulated depreciation is \$37,581,028. (See Note 4)	88,485,652
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.	(449,833)
Long-term liabilities, including bonds payable and compensated absences are not due in the current period and therefore are not liabilities in the funds.	(38,428,962)
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.	1,066,146
Legal settlement is a receivable in the statement of activities, but not reported in the funds.	250,000
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	5,665,185
Accrued pension contributions for the June 30, 2016 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.	(1,210,252)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(27,491,446)</u>
Net position of governmental activities	<u>\$ 38,047,765</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, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Revenues:</b>					
Local sources:					
Local tax levy	\$ 68,227,892			\$ 5,184,676	\$ 73,412,568
Tuition	5,376,277				5,376,277
Interest on investments	70,790		\$ 16,894		87,684
Transportation-hazardous routes	170,061				170,061
Transportation-other LEAs	24,621				24,621
Miscellaneous	423,868	\$ 95,332			519,200
Total local sources	74,293,509	95,332	16,894	5,184,676	79,590,411
State sources	12,739,693	691,393	21,749		13,452,835
Federal sources	3,319	1,429,474			1,432,793
Total revenues	87,036,521	2,216,199	38,643	5,184,676	94,476,039
<b>Expenditures:</b>					
Current:					
Instruction	33,359,773				33,359,773
Support services:					
Instruction	2,950,107	1,204,183			4,154,290
Attendance/social work	197,915				197,915
Health services	697,932				697,932
Support services	5,610,824	1,012,016			6,622,840
Improvement of instruction	260,426				260,426
Other support: instructional staff	1,161,809				1,161,809
School library	1,782,457				1,782,457
General administration	785,218				785,218
School administration	2,736,859				2,736,859
Central services	1,103,190				1,103,190
Administration information technology	98,495				98,495
Required maintenance of plant services	1,350,502				1,350,502
Operation of plant-custodial services	4,397,712				4,397,712
Care & upkeep of grounds	371,902				371,902
Security	190,611				190,611
Student transportation	2,837,918				2,837,918
Employee benefits	13,262,380				13,262,380
On-behalf pension contributions	5,569,848				5,569,848
On-behalf TPAF social security contributions	2,430,075				2,430,075
Contribution to charter schools - current	4,907,407				4,907,407
Capital outlay			381,872		381,872
Debt Service:					
Principal	239,765			4,495,000	4,734,765
Interest				1,193,850	1,193,850
Total expenditures	86,303,125	2,216,199	381,872	5,688,850	94,590,046
Excess (Deficiency) of revenues over (under) expenditures	733,396	-	(343,229)	(504,174)	(114,007)
Other financing sources (uses):					
Transfers in	5,236		1,094,795	491,658	1,591,689
Transfers out	(1,094,795)		(496,894)		(1,591,689)
Total other financing sources (uses)	(1,089,559)		597,901	491,658	-
Net change in fund balances	(356,163)	-	254,672	(12,516)	(114,007)
Fund balances (deficit), July 1	8,164,203	(4,950)	2,076,811	39,218	10,275,282
Fund balances (deficit), June 30	\$ 7,808,040	\$ (4,950)	\$ 2,331,483	\$ 26,702	\$ 10,161,275

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, 2016

**Total net change in fund balances - governmental funds (from B-2)** \$ (114,007)

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.

Depreciation expense	\$ (3,535,724)	
Capital asset additions	<u>493,412</u>	(3,042,312)

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.

47,605

Repayments of bond principal 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.

4,495,000

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

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 on refunding.

(177,690)

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.

180,826

Legal settlement is revenue in the statement of activities, but not  
reported in the governmental funds.

250,000

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

(1,035,687)

**Change in net position of governmental activities (A-2)**

\$ 809,839

*See accompanying notes to the basic financial statements.*



# Enterprise Fund

Princeton Public Schools  
Enterprise Fund

Statement of Net Position

June 30, 2016

	<b>Major Fund</b>
	<b>Food Service</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 267,076
Accounts receivable:	
State	496
Federal	17,538
Other	2,575
Inventories	14,562
Total current assets	302,247
Non-current assets:	
Capital assets:	
Equipment	850,978
Accumulated depreciation	(679,768)
Total capital assets, net	171,210
Total assets	473,457
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	7,248
Unearned revenue	47,157
Total current liabilities	54,405
<b>Net position</b>	
Net investment in capital assets	171,210
Unrestricted	247,842
Total net position	\$ 419,052

*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, 2016

	<b>Major Fund</b>
	<b>Food</b>
	<b>Service</b>
Operating revenues:	
Local sources:	
Daily food sales-reimbursable programs	\$ 585,809
Special event income	32,042
Miscellaneous income	17,311
Total operating revenues	635,162
Operating expenses:	
Salaries	405,926
Employee benefits	37,098
Other purchased services	17,159
Supplies and materials	35,570
Depreciation	40,844
Cost of sales- non-program revenues	104,063
Cost of sales- program revenues	267,052
Management and administrative fees	55,095
Miscellaneous	2,721
Total operating expenses	965,528
Operating loss	(330,366)
Nonoperating revenues:	
State sources:	
State school lunch program	6,868
Federal sources:	
National school breakfast program	30,150
National school lunch program	205,176
Food donation program	58,102
Interest	1,502
Total nonoperating revenues	301,798
Change in net position	(28,568)
Total net position-beginning	447,620
Total net position-ending	\$ 419,052

*See accompanying notes to the basic financial statements.*

Princeton Public Schools  
Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2016

	<b>Major Fund</b>
	<b>Food Service</b>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 684,132
Payments to employees	(405,926)
Payments for employee benefits	(37,098)
Payments to suppliers	(500,488)
Net cash used in operating activities	(259,380)
<b>Cash flows from noncapital financing activities</b>	
Cash received from state and federal reimbursements	246,284
Receipts from food donation program	57,056
Net cash provided by noncapital financing activities	303,340
<b>Cash flows from investing activities</b>	
Interest received	1,502
Net cash provided by investing activities	1,502
Net increase in cash and cash equivalents	45,462
Cash and cash equivalents, beginning of year	221,614
Cash and cash equivalents, end of year	\$ 267,076
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (330,366)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	40,844
Change in assets and liabilities:	
Decrease in accounts receivable	36,971
Increase in inventory	(2,266)
Decrease in accounts payable	(41,896)
Increase in interfund payable	25,334
Increase in unearned revenue	11,999
Net cash used in operating activities	\$ (259,380)

***Noncash noncapital financing activities:***

The District received \$57,056 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2016.

*See accompanying notes to the basic financial statements.*

# Fiduciary Funds

Princeton Public Schools  
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2016

	<u>Private- Purpose Scholarship Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 25,408	\$ 538,720	\$ 1,162,340
Total assets	<u>25,408</u>	<u>538,720</u>	<u>\$ 1,162,340</u>
<b>Liabilities</b>			
Accounts payable		11,965	
Payroll deductions and withholdings payable			\$ 466,095
Summer savings payable			324,061
Due to student groups			372,184
Total liabilities		<u>11,965</u>	<u>\$ 1,162,340</u>
<b>Net Position</b>			
Held in trust for scholarships	<u>\$ 25,408</u>		
Held in trust for unemployment claims and other purposes		<u>\$ 526,755</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, 2016

	<b>Private- Purpose Scholarship Fund</b>	<b>Unemployment Compensation Trust</b>
<b>Additions</b>		
Contributions:		
Plan member contributions		\$ 70,123
Total contributions		<u>70,123</u>
Investment earnings:		
Interest	\$ 169	2,805
Total additions	<u>169</u>	<u>72,928</u>
<b>Deductions</b>		
Unemployment benefit payments		25,167
Scholarship payments	5,000	
Total deductions	<u>5,000</u>	<u>25,167</u>
Change in net position	(4,831)	47,761
Net position-beginning	30,239	478,994
Net position-ending	<u>\$ 25,408</u>	<u>\$ 526,755</u>

*See accompanying notes to the basic financial statements.*

# Princeton Public Schools

## Notes to the Basic Financial Statements

Year ended June 30, 2016

### 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, 2016

### 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, 2016

### 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, 2016

### 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, 2016

### 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 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, 2016

### **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, 2016

### **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). 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, 2016, the unused Food Donation Program commodities of \$1,885 are reported as unearned revenue in the Enterprise Fund.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 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, 2016, the amount earned by these employees but not disbursed was \$324,061 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, 2016

### **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 \$5,544,340 at June 30, 2016. 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, 2016, the District has recorded an unamortized balance of \$1,066,146 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2016 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, 2016

### 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, 2016

### 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 \$7,808,040 of fund balance in the General Fund, \$2,222,937 has been restricted in the capital reserve account, \$711,742 has been restricted for excess surplus-current year, \$147,897 of prior year excess surplus has been restricted for subsequent year's expenditures, \$100,243 of encumbrances is assigned to other purposes, \$2,394,000 has been classified as assigned fund balance designated for subsequent year's expenditures, \$3,319 has been classified as assigned fund balance designated for subsequent year's expenditures-ARRA Semi and \$2,227,902 is unassigned. The Capital Projects Fund fund balance is \$2,331,483, which is restricted for capital projects. The Debt Service Fund fund balance is \$26,702, 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 2016 fiscal year

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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

in the amount of \$711,742, which will be designated and appropriated in the 2017-18 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 \$9,787,136 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.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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

#### T. GASB Pronouncements

##### Recently Issued and Adopted Accounting Principles

GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”). The objective of this Statement is to provide guidance for applying fair value for certain assets and liabilities and disclosures related to all fair value measurements. The requirements of this Statement mandate the use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The District has adopted GASB 72 during the year ended June 30, 2016.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the District in the 2018 fiscal year. Management has not yet determined the impact of this Statement on the financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* (“GASB 77”). This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the District in the 2017 fiscal year. Management has not yet determined the impact of this Statement on financial statement note disclosures.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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

#### U. Subsequent events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and October 19, 2016, 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.

The details of this \$38,428,962 difference are as follows:

Bonds payable	\$	31,635,000
Unamortized premium on bonds		1,249,622
Compensated absences		5,544,340
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>38,428,962</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.

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.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 3. Deposits and Investments (continued)

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.

#### 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, 2016, the District's carrying value of its deposits was \$10,660,527 and the bank balance was \$12,087,731.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 3. Deposits and Investments (continued)

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2016 were secured by federal depository insurance and \$10,984,866 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$852,864 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 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.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 3. Deposits and Investments (continued)

*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, 2016, 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, 2016.

### 4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2016:

	Beginning Balance	Increases	Reclasses	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 195,190			\$ 195,190
Construction in progress	778,176	\$ 91,058	\$(692,526)	176,708
Total capital assets, not being depreciated	973,366	91,058	(692,526)	371,898
Capital assets, being depreciated				
Land improvements	596,300			596,300
Buildings and building improvements	118,298,822	103,125		118,401,947
Machinery, equipment, and vehicles	5,704,780	299,229	692,526	6,696,535
Total capital assets being depreciated	124,599,902	402,354	692,526	125,694,782
Less accumulated depreciation for:				
Land improvements	596,300			596,300
Buildings and building improvements	26,278,917	3,060,197		32,339,114
Machinery, equipment, and vehicles	4,170,087	475,527		4,645,614
Total accumulated depreciation	34,045,304	3,535,724		37,581,028
Total capital assets being depreciated, net	90,554,598	(3,133,370)	692,526	88,113,754
Governmental activities capital assets, net	\$ 91,527,964	\$(3,042,312)	\$ -	\$88,485,652



Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**4. Capital Assets (continued)**

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

Instruction	\$ 2,135,562
Attendance/social work	11,267
Health services	39,731
Other support services	377,018
Improvement of instruction	14,825
Other support – instructional staff	66,138
School library	101,470
General administration	44,700
School administration	155,801
Central services	62,801
Information technology	5,607
Required maintenance of plant services	76,880
Operation of plant	282,370
Student transportation	161,554
	<u>\$ 3,535,724</u>

The following is a summary of business-type activities changes in capital assets for the year ended June 30, 2016.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>			
Capital assets, being depreciated:			
Equipment	\$ 850,978		\$ 850,978
Less accumulated depreciation for:			
Equipment	638,924	\$ 40,844	<u>679,768</u>
Total accumulated depreciation	<u>638,924</u>	<u>40,844</u>	<u>679,768</u>
Total business-type activities capital assets, net	<u>\$ 212,054</u>	<u>\$ (40,844)</u>	<u>\$ 171,210</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**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, 2016 are comprised of the following issues:

\$40,165,000, 2009 refunding bonds, due in annual installments ranging from \$3,580,000 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, 2016, \$23,670,000 of this debt remains outstanding.

\$10,980,000, 2013 school improvement bonds, due in annual installments ranging from \$1,055,000 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. As of June 30, 2016, \$7,965,000 of this debt remains outstanding.

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Fiscal year ending June 30:			
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	5,345,000	458,088	5,803,088
2022 – 2023	6,780,000	277,012	7,057,012
	<u>\$ 31,635,000</u>	<u>\$ 4,209,775</u>	<u>\$ 35,844,775</u>

**Bonds Authorized But Not Issued**

As of June 30, 2016, the District had no authorized but not issued bonds.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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

**Changes in Long-term Liabilities**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
Governmental activities:					
Bonds payable	\$ 36,130,000		\$ 4,495,000	\$ 31,635,000	\$ 4,635,000
Premium on bonds	1,455,726		206,104	1,249,622	206,104
Compensated absences	5,725,166	\$ 261,778	442,604	5,544,340	267,182
Subtotal	43,310,892	261,778	5,143,708	38,428,962	5,108,286
Net pension liability	22,474,829	5,016,617		27,491,446	
Total governmental activity long-term liabilities	\$ 65,785,721	\$ 5,278,395	\$ 5,143,708	\$ 65,920,408	\$ 5,108,286

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

**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

## Princeton Public Schools

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

Year ended June 30, 2016

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

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 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.

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.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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

#### **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.

During the year ended June 30, 2016, the State of New Jersey contributed \$5,569,848 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 \$2,430,075 during the year ended June 30, 2016 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, 2016, 2015 and 2014 were \$1,052,890, \$989,595, and \$852,830, 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.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

**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, 2016, the District reported a liability of \$27,491,446 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.1224672619 percent, which was an increase of 0.0024269522 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized full accrual pension expense of \$2,088,577 in the government-wide financial statements. At June 30, 2016, 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>
Difference between expected and actual experience	\$ 655,849	
Changes of assumptions	2,952,362	
Net difference between projected and actual earnings on pension plan investments		\$ 442,010
Changes in proportion and differences between District contributions and proportionate share of contributions	1,288,732	
District contributions subsequent to the measurement date	1,210,252	
	<u>\$ 6,107,195</u>	<u>\$ 442,010</u>

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 6. Pension Plans (continued)

\$1,210,252 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:

Year ended June 30:	
2017	\$ 863,049
2018	863,049
2019	863,052
2020	1,197,892
2021	667,891
	<u>\$ 4,454,933</u>

### Additional Information

#### *Actuarial Assumptions*

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

Inflation rate	3.04%
Salary increases	
2012 - 2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

*Mortality Rates*

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

*Long-Term Rate of Return*

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	



Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

*Discount rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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, 2015 calculated using the discount rate as disclosed on the previous page as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>At 1% Decrease (3.90%)</b>	<b>At Current Discount Rate (4.90%)</b>	<b>At 1% Increase (5.90%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 34,168,504	\$ 27,491,446	\$ 21,893,449

*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.

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 6. Pension Plans (continued)

#### *Additional Information*

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$	3,578,755,666
Deferred inflows of resources	\$	993,410,455
Net pension liability	\$	22,447,996,119

District's Proportion	0.1224672619%
-----------------------	---------------

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,481,308,816.

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, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.72 years and 6.44 years for the measurement period ended June 30, 2014.

#### *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, 2015 was \$201,929,350. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 6. Pension Plans (continued)

the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3194868784 percent, which was an increase of 0.0068007998 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$12,329,605 for contributions incurred by the State.

#### *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, 2014 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, 2016

**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, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**6. Pension Plans (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. 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 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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, 2016 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 (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>At 1% Decrease (3.13%)</b>	<b>At Current Discount Rate (4.13%)</b>	<b>At 1% Increase (5.13%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 239,985,485	\$ 201,929,350	\$ 169,141,713

*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, 2016

### 6. Pension Plans (continued)

#### Additional Information

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$	7,522,890,856
Deferred inflows of resources	\$	623,365,110
Net pension liability	\$	63,204,270,305
State's proportionate share associated with the District		0.3194868784%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2015 is \$3,854,529,453.

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, 2014 (the beginning of the measurement period ended June 30, 2015) is 8.3 years and 8.5 years for the measurement period ended June 30, 2014.

### 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, 2016

### 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

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, 2016, 2015 and 2014 were \$3,027,379, \$2,742,031, and \$2,168,881, 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, 2016

#### **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, 2016

**10. Interfund Receivables and Payables**

The total interfund accounts receivable and payable for the District at June 30, 2016 are as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 129,626	
Special Revenue Fund		\$ 124,390
Capital Projects Fund		16,894
Debt Service Fund	11,658	
	<u>\$ 141,284</u>	<u>\$ 141,284</u>

The interfunds between the capital projects fund and general fund and debt service fund represent interest earned on investments in the capital projects fund that were transferred to the general fund and debt service fund, as required by statute. The interfund between the special revenue fund and the general fund relates to the covering of a pooled cash deficit.

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, 2016 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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

**12. Contingent Liabilities (continued)**

complied with the rules and regulations governing the NJSDA funds or has not met the 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.

**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.

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

Beginning balance, July 1, 2015	\$ 2,386,002
Withdrawals:	
Transferred to Capital Projects Fund - Budgeted Withdrawal	(1,094,795)
Capital Outlay - Budgeted Withdrawal	(70,000)
Deposits:	
Unspent capital outlay funds not utilized in 2015-16	1,730
Deposit into Capital Reserve (June 2016 Board Resolution)	1,000,000
Ending balance, June 30, 2016	<u>\$ 2,222,937</u>

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 13. Capital Reserve Account (continued)

Of the balance of \$2,222,937 at June 30, 2016, \$370,000 has been appropriated in the 2016-17 approved budget. The balance in the capital reserve does not exceed the LRF balance of local support costs of uncompleted capital projects at June 30, 2016.

### 14. Deficit Fund Balances

The District has a deficit fund balance of \$4,950 in the Special Revenue Fund as of June 30, 2016 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.

### 15. Transfers

The following presents a reconciliation of transfers during the 2016 fiscal year:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 5,236	\$1,094,795
Capital Projects Fund	1,094,795	496,894
Debt Service Fund	491,658	
	<u>\$1,591,689</u>	<u>\$1,591,689</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 a transfer of interest in the amount of \$5,236. \$480,000 of the transfer out of the capital projects fund to the debt service fund relates to a portion of fund balance remaining from a completed project (the remaining balance will be transferred over a 3 year period, as allowable to debt service fund). The remaining \$11,658 transferred from the capital projects fund to the debt service fund is related to the interest earned on the funds invested relating to its construction projects. The District is

# Princeton Public Schools

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

### 15. Transfers (continued)

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.

### 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 also has contracts with several vendors for goods and services that have not been received as of June 30, 2016. These encumbrances, in the amount of \$100,243 are recorded as assigned to other purposes on the general fund balance sheet.

### 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 \$57,046,654 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 88,485,652
Bonds payable (used to build or acquire capital assets)	(31,255,522)
Deferred loss on defeasance of debt	1,066,146
Unamortized deferred premium	<u>(1,249,622)</u>
Total net investment in capital assets	<u>\$ 57,046,654</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1131855499%	0.1200403097%	0.1224672619%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 21,632,007	\$ 22,474,829	\$ 27,491,446
District's covered-employee payroll	\$ 6,587,579	\$ 6,932,474	\$ 7,642,663	\$ 8,327,261	\$ 8,321,725	\$ 7,612,134	\$ 7,555,725	\$ 7,927,404	\$ 8,239,488	\$ 9,157,896
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	272.88%	272.77%	300.19%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48.72%	52.08%	47.93%

N/A - Information not available

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution	\$ 233,830	\$ 421,582	\$ 712,982	\$ 954,454	\$ 996,498	\$ 858,227	\$ 852,830	\$ 989,595	\$ 1,032,890	\$ 1,210,252
Contributions in relation to the contractually required contribution	(233,830)	(421,582)	(712,982)	(954,454)	(996,498)	(858,227)	(852,830)	(989,595)	(1,032,890)	(1,210,252)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,932,474	\$ 7,642,663	\$ 8,327,261	\$ 8,321,725	\$ 7,612,134	\$ 7,555,725	\$ 7,927,404	\$ 8,239,488	\$ 9,157,896	\$ 8,864,968
Contributions as a percentage of covered-employee payroll	3.37%	5.52%	8.56%	11.47%	13.09%	11.56%	10.76%	12.01%	11.50%	13.63%

N/A - Information not 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	2016
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3126860786%	0.3194868784%
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	\$ 201,929,350
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 167,120,532</u>	<u>\$ 201,929,350</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

\* 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.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.



Required Supplementary Information  
Part III

Budgetary Comparison Schedules

**BOARD OF EDUCATION  
PRINCETON PUBLIC SCHOOLS  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 68,227,891		\$ 68,227,891	\$ 68,227,892	\$ 1
Tuition	5,265,432		5,265,432	5,376,277	110,845
Hazardous Routes	175,729		175,729	170,061	(5,668)
Transportation Fees-Other LEAs				24,621	24,621
Interest Earned on Investments	66,000		66,000	70,790	4,790
Miscellaneous	<u>354,402</u>		<u>354,402</u>	423,868	69,466
<b>Total - Local Sources</b>	<b>74,089,454</b>		<b>74,089,454</b>	<b>74,293,509</b>	<b>204,055</b>
State Sources:					
Categorical Special Education Aid	2,107,628		2,107,628	2,107,628	
Transportation Aid	846,497		846,497	846,497	
Security Aid	299,807		299,807	299,807	
Adjustment Aid	107,606		107,606	107,606	
PARCC Readiness Aid	34,020		34,020	34,020	
Per Pupil Growth Aid	34,020		34,020	34,020	
Non-Public Transportation Aid				35,287	35,287
Extraordinary Aid	435,000		435,000	1,292,424	857,424
TPAF Pension (On-Behalf - Non-Budgeted)				5,569,848	5,569,848
TPAF Social Security (Reimbursed - Non-Budgeted)				<u>2,430,075</u>	<u>2,430,075</u>
<b>Total State Sources</b>	<b>3,864,578</b>		<b>3,864,578</b>	<b>12,757,212</b>	<b>8,892,634</b>
Federal Sources:					
Medical Assistance Program				3,319	3,319
<b>Total - Federal Sources</b>				<u>3,319</u>	<u>3,319</u>
<b>Total Revenues</b>	<b><u>77,954,032</u></b>		<b><u>77,954,032</u></b>	<b>87,054,040</b>	<b>9,100,008</b>
<b>EXPENDITURES:</b>					
Current Expense:					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers	115,471	\$ (7,196)	108,275	108,275	
Kindergarten - Salaries of Teachers	856,767	(36,202)	820,565	819,610	955
Grades 1-5 - Salaries of Teachers	6,992,768	126,524	7,119,292	7,068,186	51,106
Grades 6-8 - Salaries of Teachers	3,827,460	(92,433)	3,735,027	3,734,164	863
Grades 9-12 - Salaries of Teachers	8,735,526	33,819	8,769,345	8,768,859	486
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	39,000	(4,000)	35,000	29,947	5,053
Purchased Professional-Educational Services	30,000	42,500	72,500	46,363	26,137
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	1,502,441	(424,220)	1,078,221	739,736	338,485
Purchased Professional-Educational Services	183,777	(22,065)	161,712	147,545	14,167
Other Purchased Services	332,711	(43,189)	289,522	267,771	21,751
General Supplies	1,195,426	144,269	1,339,695	1,304,504	35,191
Textbooks	328,620	(78,211)	250,409	235,474	14,935
Other Objects	142,986	(30,207)	112,779	102,177	10,602
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>24,282,953</b>	<b>(390,611)</b>	<b>23,892,342</b>	<b>23,372,611</b>	<b>519,731</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	221,005	10,283	231,288	228,127	3,161
Other Salaries for Instruction	51,512	74,278	125,790	112,248	13,542
General Supplies	1,475	(686)	789	789	
Other Objects	875	(710)	165	40	125
<b>Total Learning and/or Language Disabilities</b>	<b>274,867</b>	<b>83,165</b>	<b>358,032</b>	<b>341,204</b>	<b>16,828</b>
<b>Behavioral Disabilities</b>					
Salaries of Teachers	61,972	(7,456)	54,516	54,425	91
<b>Total Behavioral Disabilities</b>	<b>61,972</b>	<b>(7,456)</b>	<b>54,516</b>	<b>54,425</b>	<b>91</b>

**BOARD OF EDUCATION**  
Princeton Public Schools  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2016

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to</u> <u>Actual</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	\$ 2,872,662	\$ 260,617	\$ 3,133,279	\$ 3,117,432	\$ 15,847
Other Salaries for Instruction	1,355,425	(87,726)	1,267,699	1,222,965	44,734
General Supplies	11,135		11,135	7,703	3,432
Textbooks	1,000		1,000		1,000
<b>Total Resource Room/Resource Center</b>	<u>4,240,222</u>	<u>172,891</u>	<u>4,413,113</u>	<u>4,348,100</u>	<u>65,013</u>
<b>Autism:</b>					
Salaries of Teachers	560,999	(49,996)	511,003	499,245	11,758
Other Salaries for Instruction	653,017	71,618	724,635	721,507	3,128
General Supplies	12,352	(190)	12,162	7,162	5,000
Other Objects	2,875		2,875	2,166	709
<b>Total Autism</b>	<u>1,229,243</u>	<u>21,432</u>	<u>1,250,675</u>	<u>1,230,080</u>	<u>20,595</u>
<b>Preschool Disabilities - Part-Time</b>					
General Supplies		341	341	144	197
<b>Total Preschool Disabilities - Part-Time</b>		<u>341</u>	<u>341</u>	<u>144</u>	<u>197</u>
<b>Preschool Disabilities - Full-Time</b>					
Salaries of Teachers	195,282	97,094	292,376	292,366	10
Other Salaries for Instruction	140,995	56,381	197,376	197,376	
General Supplies	1,800	(342)	1,458	825	633
<b>Total Preschool Disabilities - Full-Time</b>	<u>338,077</u>	<u>153,133</u>	<u>491,210</u>	<u>490,567</u>	<u>643</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>6,144,381</u>	<u>423,506</u>	<u>6,567,887</u>	<u>6,464,520</u>	<u>103,367</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	1,131,329	40,929	1,172,258	1,171,195	1,063
Other Salaries for Instruction	73,075	15,859	88,934	83,108	5,826
<b>Total Basic Skills/Remedial - Instruction</b>	<u>1,204,404</u>	<u>56,788</u>	<u>1,261,192</u>	<u>1,254,303</u>	<u>6,889</u>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	834,656	6,550	841,206	841,206	
Other Salaries for Instruction	61,942	63,384	125,326	123,649	1,677
General Supplies	1,441	1,640	3,081	3,081	
	1,190	(1,190)			
<b>Total Bilingual Education - Instruction</b>	<u>899,229</u>	<u>70,384</u>	<u>969,613</u>	<u>967,936</u>	<u>1,677</u>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	258,462		258,462	237,420	21,042
Purchased Services	5,000		5,000	2,033	2,967
Supplies and Materials	9,217	(1,020)	8,197	8,108	89
Other Objects	5,940	1,020	6,960	6,860	100
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<u>278,619</u>		<u>278,619</u>	<u>254,421</u>	<u>24,198</u>
<b>School-Spon. Athletics</b>					
Salaries	858,518	(13,711)	844,807	771,251	73,556
Purchased Services	126,296	(1,291)	125,005	92,273	32,732
Supplies and Materials	57,891	21,451	79,342	72,435	6,907
Other Objects	24,845	1,433	26,278	25,261	1,017
<b>Total School-Spon. Athletics</b>	<u>1,067,550</u>	<u>7,882</u>	<u>1,075,432</u>	<u>961,220</u>	<u>114,212</u>
<b>Behavioral Disabilities</b>					
Salaries of Reading Specialists	68,523	2,238	70,761	70,761	
<b>Total Behavioral Disabilities</b>	<u>68,523</u>	<u>2,238</u>	<u>70,761</u>	<u>70,761</u>	
<b>TOTAL INSTRUCTION</b>	<u>33,945,659</u>	<u>170,187</u>	<u>34,115,846</u>	<u>33,345,772</u>	<u>770,074</u>

**BOARD OF EDUCATION**  
Princeton Public Schools  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undistributed Expenditures - Instruction</b>					
Tuition to County Voc. School Dist. - Regular	\$ 190,383		\$ 190,383	\$ 89,150	\$ 101,233
Tuition to CSSD & Regional Day Schools	872,036	\$ (20,050)	851,986	771,393	80,593
Tuition to Private Schools for the Disabled - Within State	1,777,867	(95,199)	1,682,668	1,537,172	145,496
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	286,153	68,866	355,019	309,992	45,027
Tuition - Other	266,640		266,640	242,400	24,240
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,393,079</b>	<b>(46,383)</b>	<b>3,346,696</b>	<b>2,950,107</b>	<b>396,589</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	146,840	50,184	197,024	197,023	1
Other Purchased Services	1,200		1,200	892	308
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>148,040</b>	<b>50,184</b>	<b>198,224</b>	<b>197,915</b>	<b>309</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	604,483	53,974	658,457	654,150	4,307
Purchased Professional and Technical Services	35,000	(3,300)	31,700	24,800	6,900
Supplies and Materials	24,333	2,283	26,616	18,982	7,634
<b>Total Undistributed Expenditures - Health Services</b>	<b>663,816</b>	<b>52,957</b>	<b>716,773</b>	<b>697,932</b>	<b>18,841</b>
<b>Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>					
Salaries	1,034,538	58,934	1,093,472	1,092,243	1,229
Supplies and Materials	8,312		8,312	4,739	3,573
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>	<b>1,042,850</b>	<b>58,934</b>	<b>1,101,784</b>	<b>1,096,982</b>	<b>4,802</b>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Salaries	105,994	(3,770)	102,224	102,224	
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<b>105,994</b>	<b>(3,770)</b>	<b>102,224</b>	<b>102,224</b>	
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	1,389,066	793	1,389,859	1,389,857	2
Salaries of Secretarial and Clerical Assistants	219,081	9,194	228,275	228,270	5
Other Salaries	29,950	4,225	34,175	34,174	1
Purchased Professional - Educational Services		1,100	1,100	1,100	
Other Purchased Services	5,375	375	5,750	5,598	152
Supplies and Materials	9,909	414	10,323	10,322	1
Other Objects	1,105	(300)	805	169	636
<b>Total Undist. Expend. - Guidance</b>	<b>1,654,486</b>	<b>15,801</b>	<b>1,670,287</b>	<b>1,669,490</b>	<b>797</b>
<b>Undist. Expend. - Child Study Team</b>					
Salaries of Other Professional Staff	2,030,053	(100,615)	1,929,438	1,915,758	13,680
Salaries of Secretarial and Clerical Assistants	175,971	(21,874)	154,097	154,095	2
Other Salaries	154,500	30,287	184,787	167,515	17,272
Purchased Prof. - Educational Services	795,500	(99,643)	695,857	366,022	329,835
Residential Costs	120,450	(4,600)	115,850	66,435	49,415
Miscellaneous Purchased Services	35,610	(159)	35,451	31,468	3,983
Supplies and Materials	39,844	8,636	48,480	38,666	9,814
Other Objects	1,500	(1,000)	500	500	
<b>Total Undist. Expend. - Child Study Team</b>	<b>3,353,428</b>	<b>(188,968)</b>	<b>3,164,460</b>	<b>2,739,959</b>	<b>424,501</b>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisors of Instruction	128,191	(49,931)	78,260	78,165	95
Other Salaries	223,822	(93,757)	130,065	129,965	100
Other Purchased Services	17,380		17,380	8,803	8,577
General Supplies	24,119		24,119	20,217	3,902
Other Objects	25,205		25,205	23,276	1,929
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>418,717</b>	<b>(143,688)</b>	<b>275,029</b>	<b>260,426</b>	<b>14,603</b>

**BOARD OF EDUCATION**  
Princeton Public Schools  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	\$ 1,341,804	\$ (14,450)	\$ 1,327,354	\$ 1,326,237	\$ 1,117
Purchased Professional & Technical Services	61,000	(2,000)	59,000	59,000	
Other Purchased Services	126,000	39,003	165,003	134,894	30,109
Supplies and Materials	286,659	(16,453)	270,206	262,166	8,040
Other Objects		161	161	160	1
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>1,815,463</b>	<b>6,261</b>	<b>1,821,724</b>	<b>1,782,457</b>	<b>39,267</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Salaries of Supervisors of Instruction	953,009	(5,192)	947,817	935,404	12,413
Salaries - Other Professional Staff	102,988	500	103,488	103,488	
Salaries - Secretaries and Clerical Assistants	112,492	(685)	111,807	111,806	1
Purchased Professional - Educational Services	11,000		11,000	1,800	9,200
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>1,179,489</b>	<b>(5,377)</b>	<b>1,174,112</b>	<b>1,152,498</b>	<b>21,614</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries - Supervisor of Instruction	421,025	551	421,576	421,576	
Legal Services	240,000	(72,600)	167,400	94,798	72,602
Audit Fees	80,000		80,000	78,400	1,600
Other Purchased Professional Services	11,000		11,000	11,000	
Communications/Telephone	105,000	(763)	104,237	92,382	11,855
Board of Education Other Purchased Services	250		250		250
Other Purchased Services	22,440	(9,883)	12,557	7,782	4,775
General Supplies	33,572	51,354	84,926	46,299	38,627
Miscellaneous Expenditures	7,000	30	7,030	6,318	712
Board of Education Dues and Fees	33,000	(2,701)	30,299	26,663	3,636
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>953,287</b>	<b>(34,012)</b>	<b>919,275</b>	<b>785,218</b>	<b>134,057</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Assistant Principals	1,817,061	3,314	1,820,375	1,809,185	11,190
Salaries of Secretarial and Clerical Assistants	823,937	(35,107)	788,830	788,824	6
Other Salaries	7,675	5,038	12,713	12,145	568
Other Purchased Services	37,955	(11,803)	26,152	25,177	975
Supplies and Materials	49,219	(59)	49,160	48,613	547
Other Objects	59,430	(9,934)	49,496	43,071	6,425
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>2,795,277</b>	<b>(48,551)</b>	<b>2,746,726</b>	<b>2,727,015</b>	<b>19,711</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	924,808		939,922	933,741	6,181
Purchased Professional Services	38,950	(7,895)	31,055	19,547	11,508
Purchased Technical Services	31,500		31,500	25,215	6,285
Miscellaneous Purchased Services	92,350	(15,541)	76,809	59,421	17,388
Supplies and Materials	77,220	(18,685)	58,535	41,263	17,272
Miscellaneous Expenditures	9,800	14,974	24,774	21,862	2,912
<b>Total Undist. Expend. - Central Services</b>	<b>1,174,628</b>	<b>(27,147)</b>	<b>1,162,595</b>	<b>1,101,049</b>	<b>61,546</b>
<b>Undist. Expend. - Technology Admin.</b>					
Salaries	98,015	480	98,495	98,495	
<b>Total Undist. Expend. - Technology Admin.</b>	<b>98,015</b>	<b>480</b>	<b>98,495</b>	<b>98,495</b>	
<b>Undist. Expend. - Required Maint. for Sch. Facil.</b>					
Salaries	510,543	(14,661)	495,882	494,970	912
Cleaning, Repair and Maintenance Services	640,226	116,325	756,551	692,156	64,395
Travel	600	(600)			
General Supplies	119,091	(7,998)	111,093	99,952	11,141
Other Objects	6,500	4,367	10,867	10,578	289
<b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>	<b>1,276,960</b>	<b>97,433</b>	<b>1,374,393</b>	<b>1,297,656</b>	<b>76,737</b>

**BOARD OF EDUCATION**  
Princeton Public Schools  
**Budgetary Comparison Schedule**  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Custodial Services</b>					
Salaries	\$ 2,033,305	\$ 6,701	\$ 2,040,006	\$ 2,012,439	\$ 27,567
Salaries of Non-Instructional Aides	114,476	(5,000)	109,476	97,813	11,663
Purchased Professional - Technical Services	23,105	(10,513)	12,592	12,369	223
Cleaning, Repair and Maintenance Services	49,540	(10,602)	38,938	35,513	3,425
Other Purchased Property Services	100,000	21,204	121,204	121,202	2
Insurance	254,400		254,400	254,111	289
General Supplies	168,528	(10,176)	158,352	157,742	610
Miscellaneous Purchased Services	600	2,233	2,833	2,833	
Natural Gas	475,000	(9,862)	465,138	293,015	172,123
Electricity	1,115,000	11,521	1,126,521	1,126,520	1
Energy	14,000		14,000	10,096	3,904
<b>Total Undist. Expend. - Custodial Services</b>	<b>4,347,954</b>	<b>(4,494)</b>	<b>4,343,460</b>	<b>4,123,653</b>	<b>219,807</b>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>					
Salaries	296,603	3,049	299,652	293,135	6,517
Cleaning, Repair and Maintenance Services	20,000	350	20,350	18,760	1,590
General Supplies	30,000	4,388	34,388	32,153	2,235
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<b>346,603</b>	<b>7,787</b>	<b>354,390</b>	<b>344,048</b>	<b>10,342</b>
<b>Undist. Expend. - Security</b>					
Salaries	171,417	(5,409)	166,008	149,400	16,608
Cleaning, Repair and Maintenance Services	7,500	(500)	7,000	5,741	1,259
General Supplies	35,500		35,500	35,470	30
<b>Total Undist. Expend. - Security</b>	<b>214,417</b>	<b>(5,909)</b>	<b>208,508</b>	<b>190,611</b>	<b>17,897</b>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Salaries for Non-Instructional Aids	110,316		110,316	97,564	12,752
Salaries for Pupil Trans. (Between Home & School) - Regular	306,231	(41,809)	264,422	263,736	686
Salaries for Pupil Trans. (Between Home & School) - Sp. Ed.	221,896	54,265	276,161	276,161	
Salaries for Pupil Trans. Other than Between Home & School	42,700	(2,306)	40,394	13,446	26,948
Cleaning, Repair & Maintenance Services	85,550	25,000	110,550	103,487	7,063
Lease Purchase Payments-School Buses	15,000	(15,000)			
Contracted Services Aid In Lieu of Payment for Non-public School Students	159,120		159,120	142,678	16,442
Contracted Services (Between Home and School) - Vendors	925,600	(46,615)	878,985	833,627	45,358
Contracted Services (Other than Between Home and School) - Vendors	280,980	4,104	285,084	233,589	51,495
Contracted Services (Sp. Ed.) - Vendors	683,050	(44,318)	638,732	499,024	139,708
Contracted Services (Sp. Ed.) - Joint Agreements	260,000	42,390	302,390	256,370	46,020
Miscellaneous Purchased Services - Transportation	49,000	(10,090)	38,910	36,196	2,714
General Supplies	104,100		104,100	29,958	74,142
Transportation Supplies	19,000		19,000	5,184	13,816
Miscellaneous Expenditures	6,700		6,700	2,580	4,120
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<b>3,269,243</b>	<b>(34,379)</b>	<b>3,234,864</b>	<b>2,793,600</b>	<b>441,264</b>
<b>Unallocated Benefits</b>					
Social Security Contributions	995,000	121,394	1,116,394	1,115,584	810
Other Retirement Contributions - Regular	1,150,000	(70,479)	1,079,521	1,077,234	2,287
Workmen's Compensation	460,000		460,000	459,948	52
Health Benefits	10,039,251	9,058	10,048,309	9,870,739	177,570
Tuition Reimbursement	95,000		95,000	81,314	13,686
Other Employee Benefits	474,024		474,024	456,861	17,163
Unused Vac. Payment to Term/Ret. Staff	80,000	122,165	202,165	200,700	1,465
<b>Total Unallocated Benefits</b>	<b>13,293,275</b>	<b>182,138</b>	<b>13,475,413</b>	<b>13,262,380</b>	<b>213,033</b>
On-behalf TPAF Pension Contributions (non-budgeted)				5,569,848	(5,569,848)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,430,075	(2,430,075)
<b>Total On-behalf Contributions</b>				<b>7,999,923</b>	<b>(7,999,923)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>41,545,021</b>	<b>(55,589)</b>	<b>41,489,432</b>	<b>47,373,638</b>	<b>(5,884,206)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>75,490,680</b>	<b>114,598</b>	<b>75,605,278</b>	<b>80,719,410</b>	<b>(5,114,132)</b>

BOARD OF EDUCATION  
Princeton Public Schools  
Budgetary Comparison Schedule  
(Budgetary Basis)  
General Fund  
Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs-Instruction:</b>					
Grades 1-5		\$ 2,086	\$ 2,086	\$ 2,086	
Grades 6-8		6,538	6,538	6,331	\$ 207
Grades 9-12		2,139	2,139		2,139
<b>Special Education-Instruction:</b>					
School- Spons. & Other Instruction Program		5,584	5,584	5,584	
<b>Undistributed Expenditures:</b>					
Support Services - Students-Spec.		18,661	18,661	2,169	16,492
Support Services - Instructional Staff	\$ 5,500	3,811	9,311	9,311	
School Administration		13,061	13,061	9,844	3,217
Central Services		2,236	2,236	2,141	95
Undistributed Exp.-Req. Maint. of School Facilities		52,846	52,846	52,846	
Undistributed Exp.-Care and Upkeep of Grounds	26,500	1,354	27,854	27,854	
<b>Undistributed Exp.-Non-Instructional Services</b>					
School buses-regular		44,318	44,318	44,318	
<b>Total Equipment</b>	32,000	152,634	184,634	162,484	22,150
<b>Facilities Acquisition and Construction Services</b>					
Other Purchased Professional & Technical Services	5,500	4,564	10,064	5,909	4,155
Construction Services	64,500	213,620	278,120	268,150	9,970
Other Objects - Debt Service Assessment	239,765		239,765	239,765	
<b>Total Facilities Acquisition and Construction Services</b>	309,765	218,184	527,949	513,824	14,125
<b>TOTAL CAPITAL OUTLAY</b>	341,765	370,818	712,583	676,308	36,275
<b>Contribution to Charter Schools</b>	5,005,695	(98,288)	4,907,407	4,907,407	
<b>TOTAL EXPENDITURES</b>	80,838,140	387,128	81,225,268	86,303,125	(5,077,857)
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	(2,884,108)	(387,128)	(3,271,236)	750,915	4,022,151
<b>Other Financing Sources (Uses):</b>					
Transfer In				5,236	5,236
Transfer Out	(1,094,795)		(1,094,795)	(1,094,795)	
<b>Total Other Financing Sources (Uses)</b>	(1,094,795)		(1,094,795)	(1,089,559)	5,236
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)</b>	(3,978,903)	(387,128)	(4,366,031)	(338,644)	4,027,387
<b>Fund Balance, July 1</b>	8,399,453		8,399,453	8,399,453	
<b>Fund Balance, June 30</b>	\$ 4,420,550	\$ (387,128)	\$ 4,033,422	\$ 8,060,809	\$ 4,027,387
<b>Recapitulation of (Deficiency) Excess of Revenues and Other Financing Sources (uses) (Under) Over Expenditures:</b>					
Budgeted Fund Balance	\$ (2,821,108)		\$ (2,821,108)	\$ 211,549	\$ 3,032,657
Adjustment for Prior Year Encumbrances		\$ (387,128)	(387,128)	(387,128)	
Decrease in Capital Reserve	(1,157,795)		(1,157,795)	(163,065)	994,730
<b>Total</b>	\$ (3,978,903)	\$ (387,128)	\$ (4,366,031)	\$ (338,644)	\$ 4,027,387
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 147,897	
Excess Surplus-current year				711,742	
Capital Reserve				2,222,937	
<b>Assigned to:</b>					
Designated for Subsequent Year's Expenditures				2,394,000	
Designated for Subsequent Year's Expenditures-Assigned-SEMI ARRA				3,319	
Year End Encumbrances				100,243	
<b>Unassigned Fund Balance</b>				2,480,671	
				8,060,809	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Final State Aid Payments Not Realized on GAAP Basis				(252,769)	
Fund balance per Government Funds (GAAP)				\$ 7,808,040	

**Princeton Public Schools  
Special Revenue Fund**

**Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Revenues</b>					
State sources	\$ 705,989	\$ 131,406	\$ 837,395	\$ 716,075	\$ (121,320)
Federal sources	1,407,058	497,957	1,905,015	1,441,919	(463,096)
Local sources		126,084	126,084	75,295	(50,789)
Total revenues	<u>2,113,047</u>	<u>755,447</u>	<u>2,868,494</u>	<u>2,233,289</u>	<u>(635,205)</u>
<b>Expenditures</b>					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	338,003	(7,403)	330,600	269,072	61,528
Purchased professional services	82,819	71,885	154,704	125,033	29,671
Other purchased services	25,500	466,533	492,033	458,725	33,308
General supplies		170,822	170,822	113,038	57,784
Textbooks	140,000	8,175	148,175	134,525	13,650
Other objects	75,025	22,977	98,002	93,107	4,895
Total instruction	<u>661,347</u>	<u>732,989</u>	<u>1,394,336</u>	<u>1,193,500</u>	<u>200,836</u>
Support services:					
Salaries	85,000	38,012	123,012	50,105	72,907
Personal services—employee benefits	584,000	(533,000)	51,000	24,450	26,550
Purchased professional services	782,700	355,480	1,138,180	842,980	295,200
Other purchased professional services		41,843	41,843	29,931	11,912
Supplies and materials		34,123	34,123	21,169	12,954
Other objects		86,000	86,000	71,154	14,846
Total support services	<u>1,451,700</u>	<u>22,458</u>	<u>1,474,158</u>	<u>1,039,789</u>	<u>434,369</u>
Total expenditures	<u>2,113,047</u>	<u>755,447</u>	<u>2,868,494</u>	<u>2,233,289</u>	<u>635,205</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, 2016

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 87,054,040	\$ 2,233,289
<b>Differences - Budgetary to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		22,840
Current year		(39,930)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	235,250	4,950
Current year	(252,769)	(4,950)
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 87,036,521</u>	<u>\$ 2,216,199</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 86,303,125	\$ 2,233,289
<b>Differences - Budgetary to GAAP:</b>		
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		22,840
Current year		(39,930)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 86,303,125</u>	<u>\$ 2,216,199</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, 2016**

	Nonpublic Aid							NJ Achievement Coach	Preschool Aid	Sustainable Jersey Schools Health & Wellness	Title I	
	Textbooks	Nursing	Auxiliary	Handicapped	Transportation	Security	Technology				Part A Current	Prior Year
Revenues:												
State sources	\$ 134,525	\$ 203,633	\$ 41,757	\$ 108,897	\$ 14,463	\$ 64,154	\$ 65,761	\$ 29,528	\$ 49,500	\$ 3,857	\$ 207,031	\$ 46,309
Federal sources												
Local sources												
Total revenues	<u>\$ 134,525</u>	<u>\$ 203,633</u>	<u>\$ 41,757</u>	<u>\$ 108,897</u>	<u>\$ 14,463</u>	<u>\$ 64,154</u>	<u>\$ 65,761</u>	<u>\$ 29,528</u>	<u>\$ 49,500</u>	<u>\$ 3,857</u>	<u>\$ 207,031</u>	<u>\$ 46,309</u>
Expenditures:												
Instruction:												
Salaries of teachers									\$ 49,500		\$ 149,275	\$ 23,812
Purchased professional services			\$ 41,757	\$ 59,813	\$ 14,463						8,017	483
Other purchased services											29,718	19,674
General supplies												
Textbooks	\$ 134,525											
Other objects							\$ 65,761					
Total instruction	<u>134,525</u>		<u>41,757</u>	<u>59,813</u>	<u>14,463</u>		<u>65,761</u>		<u>49,500</u>		<u>187,010</u>	<u>43,969</u>
Undistributed:												
Support services:												
Salaries								\$ 23,000				
Personal services—employee benefits								1,760			11,420	1,822
Purchased professional services		\$ 203,633		49,084								
Other purchased professional services											8,601	518
Supplies and materials								4,768		\$ 3,857		
Other objects							\$ 64,154					
Total support services		<u>203,633</u>		<u>49,084</u>			<u>64,154</u>		<u>29,528</u>		<u>20,021</u>	<u>2,340</u>
Total expenditures	<u>\$ 134,525</u>	<u>\$ 203,633</u>	<u>\$ 41,757</u>	<u>\$ 108,897</u>	<u>\$ 14,463</u>	<u>\$ 64,154</u>	<u>\$ 65,761</u>	<u>\$ 29,528</u>	<u>\$ 49,500</u>	<u>\$ 3,857</u>	<u>\$ 207,031</u>	<u>\$ 46,309</u>

**Princeton Public Schools  
Special Revenue Fund**  
  
**Combining Schedule of Program Revenues and Expenditures  
Budgetary Basis**  
  
**Year ended June 30, 2016**

	<u>Title II A</u>	<u>Title III</u>		<u>I.D.E.I.A.</u>					<u>Totals</u>	
	<u>Current</u>	<u>Current</u>	<u>Immigrant</u>	<u>Part B Basic</u>	<u>Preschool</u>	<u>Confucious Classroom</u>	<u>PEF Grant</u>	<u>Sustain NJ</u>		<u>Other Local</u>
Revenues:										
State sources										\$ 716,075
Federal sources	\$ 84,754	\$ 37,199	\$ 33,394	\$ 1,027,288	\$ 5,944					1,441,919
Local sources						\$ 6,063	\$ 60,335	\$ 2,711	\$ 6,186	75,295
Total revenues	\$ 84,754	\$ 37,199	\$ 33,394	\$ 1,027,288	\$ 5,944	\$ 6,063	\$ 60,335	\$ 2,711	\$ 6,186	\$ 2,233,289
Expenditures:										
Instruction:										
Salaries of teachers		\$ 20,137	\$ 23,636				\$ 2,712			\$ 269,072
Purchased professional services						\$ 500				125,033
Other purchased services				\$ 458,725						458,725
General supplies		5,219	2,458	15,436	\$ 5,944	432	27,416	\$ 741	\$ 6,000	113,038
Textbooks										134,525
Other objects			2,346				25,000			93,107
Total instruction		25,356	28,440	474,161	5,944	932	55,128	741	6,000	1,193,500
Undistributed:										
Support services:										
Salaries	\$ 4,811	200		22,094						50,105
Personal services—employee benefits	367	1,556	1,808	5,510			207			24,450
Purchased professional services	55,109	7,500	1,323	520,831			5,000	500		842,980
Other purchased professional services	7,393	2,587	1,823	3,692		5,131			186	29,931
Supplies and materials	10,074			1,000				1,470		21,169
Other objects	7,000									71,154
Total support services	84,754	11,843	4,954	553,127		5,131	5,207	1,970	186	1,039,789
Total expenditures	\$ 84,754	\$ 37,199	\$ 33,394	\$ 1,027,288	\$ 5,944	\$ 6,063	\$ 60,335	\$ 2,711	\$ 6,186	\$ 2,233,289

Princeton Public Schools  
Special Revenue Fund

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

Year ended June 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
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 2015-16 Preschool Education aid allocation	\$ 49,500
Add: Actual Preschool Education Aid carryover (June 30, 2015)	49,500
Total funds available for 2015-16 budget	49,500
Less: 2015-16 budgeted Preschool Education aid (including prior year Available and unbudgeted funds as of June 30, 2016)	49,500
Add: 2015-16 unexpended Preschool Education aid 2015-16 carryover Preschool Education aid/ Preschool	\$ -
2015-16 Preschool Education aid carryover budgeted in 2016-17	\$ -

# 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, 2016

	Current Year
<b>Revenues and other financing sources</b>	
State sources - SDA	\$ 729,864
Transfer from capital reserve	1,094,795
Interest	16,894
	1,841,553
 <b>Expenditures and other financing uses</b>	
Purchased professional and technical services	65,766
Construction services	316,106
Equipment	
State sources - SDA reduction	
Transfer to debt service fund	491,658
Transfer to capital reserve	5,236
Total expenditures	878,766
 Excess of revenues over expenditures	962,787
 Fund Balance, July 1	2,076,811
Fund Balance, June 30	\$ 3,039,598
 <u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund balance, budgetary basis, June 30, 2016	\$ 3,039,598
Less: Revenue not recognized on a GAAP basis	708,115
Fund balance, GAAP basis, June 30, 2016	\$ 2,331,483



Princeton Public Schools  
Capital Projects Fund

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

Year ended June 30, 2016

	<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	\$ 729,864	15,027,531	15,027,531
Contribution from private sources	500,000		500,000	500,000
Transfer from capital reserve	1,579,836	1,094,795	2,674,631	2,674,631
Transfer from capital outlay	<u>104,219</u>		<u>104,219</u>	<u>104,219</u>
Total revenues and other financing sources	60,008,144	1,824,659	61,832,803	61,832,803
<b>Expenditures and other financing uses</b>				
Purchased professional and technical services	7,905,862	65,766	7,971,628	
Construction services	49,547,613	316,106	49,863,719	
Equipment	477,858		477,858	
State sources - SDA reduction				
Transfer to capital reserve				
Transfer to debt service fund		<u>480,000</u>	<u>480,000</u>	
Total expenditures and other financing uses	<u>57,931,333</u>	<u>861,872</u>	<u>58,793,205</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,076,811</u>	<u>\$ 962,787</u>	<u>\$ 3,039,598</u>	<u>\$ 61,832,803</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, 2016

	<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 capital outlay	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	6,569,816	\$ 41,111	6,610,927	
Construction services	40,569,527		40,569,527	
Equipment	477,858		477,858	
State sources - SDA				
Transfer to capital reserve				
Transfer to debt service fund		480,000	480,000	
Total expenditures and other financing uses	<u>47,617,201</u>	<u>521,111</u>	<u>48,138,312</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,410,943</u>	<u>\$ (521,111)</u>	<u>\$ 889,832</u>	<u>\$ 49,028,144</u>
<b>Additional project information</b>				
Project number	4130-050-02-0516			
Grant date	3/1/2004			
Bond authorization date	5/15/2001			
Bonds authorized	\$ 30,167,280			
Bonds issued	30,167,280			
Additional authorized cost	1,579,836			
Percentage increase over original authorized cost	3.22%			
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, 2016

	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 capital outlay				
	<u>10,980,000</u>		<u>10,980,000</u>	<u>10,980,000</u>
Purchased professional and technical services	1,336,046	\$ 13,444	1,349,490	
Construction services	8,978,086	272,946	9,251,032	
Equipment				
State sources - SDA				
Transfer to capital reserve				
Total expenditures and other financing uses	<u>10,314,132</u>	<u>286,390</u>	<u>10,600,522</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 665,868</u>	<u>\$ (286,390)</u>	<u>\$ 379,478</u>	<u>\$ 10,980,000</u>
 <b>Additional project information</b>				
Project number	N/A			
Grant date	N/A			
Bond authorization date	1/29/2013			
Bonds authorized	\$ 10,980,000			
Bonds issued	\$ 10,980,000			
Percentage increase over original authorized cost	0.00%			
Percentage completion	96.54%			
Original target completion date	Spring 2014			
Revised target completion date	December 2016			

Princeton Public Schools  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Community Park Elementary School Window Replacement

Year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 196,408	\$ 196,408	\$ 196,408
Contribution from private sources				
Transfer from capital reserve		294,611	294,611	294,611
Transfer from capital outlay				
		<u>491,019</u>	<u>491,019</u>	<u>491,019</u>
Purchased professional and technical services		3,743	3,743	
Construction services		11,367	11,367	
Equipment				
State sources - SDA				
Transfer to capital reserve				
Total expenditures and other financing uses		<u>15,110</u>	<u>15,110</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>\$ 475,909</u>	<u>\$ 475,909</u>	<u>\$ 491,019</u>
 <b>Additional project information</b>				
Project Number	4255-110-14-1004			
Grant Date	9/17/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 491,019			
Percentage increase over original authorized cost	0.00%			
Percentage completion	3.08%			
Target completion date	December 2016			

Princeton Public Schools  
Capital Projects Fund

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

Littlebrook Elementary School Window Replacement

Year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 50,276	\$ 50,276	\$ 50,276
Contribution from private sources				
Transfer from capital reserve		75,414	75,414	75,414
Transfer from capital outlay				
		<u>125,690</u>	<u>125,690</u>	<u>125,690</u>
Purchased professional and technical services		3,732	3,732	
Construction services		2,912	2,912	
Equipment				
State sources - SDA				
Transfer to capital reserve				
Total expenditures and other financing uses		<u>6,644</u>	<u>6,644</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>\$ 119,046</u>	<u>\$ 119,046</u>	<u>\$ 125,690</u>
 <b>Additional project information</b>				
Project Number	4255-080-14-1002			
Grant Date	9/17/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 125,690			
Percentage increase over original authorized cost	0.00%			
Percentage completion	5.29%			
Target completion date	December 2016			

Princeton Public Schools  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Princeton High School Window Replacement

Year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
Bond proceeds and transfers				
State sources - SDA		\$ 483,180	\$ 483,180	\$ 483,180
Contribution from private sources				
Transfer from capital reserve		724,770	724,770	724,770
Transfer from capital outlay				
		<u>1,207,950</u>	<u>1,207,950</u>	<u>1,207,950</u>
Purchased professional and technical services		3,736	3,736	
Construction services		28,881	28,881	
Equipment				
State sources - SDA				
Transfer to capital reserve				
Total expenditures and other financing uses		<u>32,617</u>	<u>32,617</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>\$ 1,175,333</u>	<u>\$ 1,175,333</u>	<u>\$ 1,207,950</u>
<b>Additional project information</b>				
Project Number	4255-050-14-1001			
Grant Date	9/17/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,207,950			
Percentage increase over original authorized cost	0.00%			
Percentage completion	2.70%			
Target completion date	December 2016			

Princeton Public Schools  
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2016

Issue/Project Title	Appropriations	Expenditures to Date		Return of Funding Sources	Unexpended Balance
		Prior Year	Current Year		
School facility projects - referendum	\$ 49,028,144	\$ 47,617,201	\$ 41,111	\$ 480,000	\$ 889,832
Schools and Valley Road Project	10,980,000	10,314,132	286,390		379,478
Community Park Elementary School Window Replacement	491,019		15,110		475,909
Littlebrook Elementary School Window Replacement	125,690		6,644		119,046
Princeton High School Window Replacement	1,207,950		32,617		1,175,333
	<u>\$ 61,832,803</u>	<u>\$ 57,931,333</u>	<u>\$ 381,872</u>	<u>\$ 480,000</u>	<u>\$ 3,039,598</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>
--------------------------------------	----------------------

Components of appropriations - Community Park Elementary School Window Replacement

State sources - SDA	\$ 196,408
Transfer from capital reserve	294,611
	<u>\$ 491,019</u>

Components of appropriations - Littlebrook Elementary School Window Replacement

State sources - SDA	\$ 50,276
Transfer from capital reserve	75,414
	<u>\$ 125,690</u>

Components of appropriations - Princeton High School Window Replacement

State sources - SDA	\$ 483,180
Transfer from capital reserve	724,770
	<u>\$ 1,207,950</u>
	<u>\$ 61,832,803</u>

# Fiduciary Funds



Princeton Public Schools  
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2016

	Trust			Agency		
	Private Purpose Scholarship Funds	Unemployment Compensation	Total Trust	Student Activity	Payroll	Total Agency
<b>Assets</b>						
Cash and cash equivalents	\$ 25,408	\$ 538,720	\$ 564,128	\$ 372,184	\$ 790,156	\$1,162,340
Total assets	<u>25,408</u>	<u>538,720</u>	<u>564,128</u>	<u>\$ 372,184</u>	<u>\$ 790,156</u>	<u>\$1,162,340</u>
<b>Liabilities</b>						
Accounts payable		11,965	11,965			
Payroll deductions and withholdings payable					\$ 466,095	\$ 466,095
Summer savings payable					324,061	324,061
Due to student groups				\$ 372,184		372,184
Total liabilities		<u>11,965</u>	<u>11,965</u>	<u>\$ 372,184</u>	<u>\$ 790,156</u>	<u>\$1,162,340</u>
<b>Net Position</b>						
Held in trust	25,408	526,755	552,163			
Total net position	<u>\$ 25,408</u>	<u>\$ 526,755</u>	<u>\$ 552,163</u>			

Princeton Public Schools  
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

	<b>Private- Purpose Scholarship Fund</b>	<b>Unemployment Compensation Fund</b>	<b>Total Trust</b>
Additions:			
Local sources:			
Plan member contributions		\$ 70,123	\$ 70,123
Interest on investments	\$ 169	2,805	2,974
Total additions	169	72,928	73,097
Deductions:			
Unemployment benefit payments		25,167	25,167
Scholarship payments	5,000		5,000
Total deductions	5,000	25,167	30,167
Change in net position	(4,831)	47,761	42,930
Net position, beginning	30,239	478,994	509,233
Net position, ending	<u>\$ 25,408</u>	<u>\$ 526,755</u>	<u>\$ 552,163</u>

Princeton Public Schools  
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2016

	<b>Balance July 1, 2015</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2016</b>
Middle school:				
John Witherspoon School	\$ 31,437	\$ 58,927	\$ 67,114	\$ 23,250
High school:				
Princeton High School	351,684	889,508	892,258	348,934
Total all schools	\$ 383,121	\$ 948,435	\$ 959,372	\$ 372,184

Princeton Public Schools  
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
<b>Assets</b>				
Cash and equivalents	\$ 710,036	\$ 79,812,684	\$ 79,732,564	\$ 790,156
Total assets	\$ 710,036	\$ 79,812,684	\$ 79,732,564	\$ 790,156
<b>Liabilities</b>				
Payroll deductions and withholdings payable	\$ 437,662	\$ 79,488,623	\$ 79,460,190	\$ 466,095
Summer savings payable	272,374	324,061	272,374	324,061
Total liabilities	\$ 710,036	\$ 79,812,684	\$ 79,732,564	\$ 790,156

# Long-Term Debt

Princeton Public Schools  
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Retired	Balance June 30, 2016
			Date	Amount				
Various Improvements-Refunding Bonds	8/1/09	\$40,165,000	2/1/2017	\$ 3,580,000	3.000%	\$27,135,000	\$3,465,000	\$23,670,000
			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	2/1/2017	1,055,000	1.000	8,995,000	1,030,000	7,965,000
			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			
						\$36,130,000	\$4,495,000	\$31,635,000

Princeton Public Schools  
Debt Service Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 5,184,676		\$ 5,184,676	\$ 5,184,676	
Total revenues	<u>5,184,676</u>		<u>5,184,676</u>	<u>5,184,676</u>	
Expenditures:					
Principal on bonds	4,495,000		4,495,000	4,495,000	
Interest on bonds	1,193,850		1,193,850	1,193,850	
Total expenditures	<u>5,688,850</u>		<u>5,688,850</u>	<u>5,688,850</u>	
Deficiency of revenues under expenditures	(504,174)		(504,174)	(504,174)	
Other financing sources:					
Transfers in	491,659		491,659	491,658	\$ 1
Total other financing sources	<u>491,659</u>		<u>491,659</u>	<u>491,658</u>	<u>1</u>
Net change in fund balance	(12,515)		(12,515)	(12,516)	1
Fund balance, July 1	39,218		39,218	39,218	
Fund balance, June 30	<u>\$ 26,703</u>	<u>\$ -</u>	<u>\$ 26,703</u>	<u>\$ 26,702</u>	<u>\$ 1</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 57,046,654
Restricted	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	5,034,581
Unrestricted (deficit)	538,505	(380,021)	(1,492,270)	(1,899,392)	(1,332,000)	(845,268)	(659,191)	(1,433,689)	(23,004,966)	(24,033,470)
<b>Total governmental activities net position</b>	<b>\$ 42,698,557</b>	<b>\$ 45,481,873</b>	<b>\$ 47,023,821</b>	<b>\$ 46,139,081</b>	<b>\$ 51,232,128</b>	<b>\$ 53,003,833</b>	<b>\$ 54,751,845</b>	<b>\$ 57,984,687</b>	<b>\$ 37,237,926</b>	<b>\$ 38,047,765</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 38,146	\$ 334,237	\$ 313,771	\$ 273,830	\$ 237,599	\$ 240,395	\$ 269,498	\$ 248,729	\$ 212,054	\$ 171,210
Unrestricted	81,678	120,618	126,320	177,153	271,258	248,297	171,504	188,844	235,566	247,842
<b>Total business-type activities net position</b>	<b>\$ 119,824</b>	<b>\$ 454,855</b>	<b>\$ 440,091</b>	<b>\$ 450,983</b>	<b>\$ 508,857</b>	<b>\$ 488,692</b>	<b>\$ 441,002</b>	<b>\$ 437,573</b>	<b>\$ 447,620</b>	<b>\$ 419,052</b>
<b>Government-wide</b>										
Net investment in capital assets	\$ 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	\$ 57,217,864
Restricted	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	5,034,581
Unrestricted (deficit)	620,183	(259,403)	(1,365,950)	(1,722,239)	(1,060,742)	(596,971)	(487,687)	(1,244,845)	(22,769,400)	(23,785,628)
<b>Total district net position</b>	<b>\$ 42,818,381</b>	<b>\$ 45,936,728</b>	<b>\$ 47,463,912</b>	<b>\$ 46,590,064</b>	<b>\$ 51,740,985</b>	<b>\$ 53,492,525</b>	<b>\$ 55,192,847</b>	<b>\$ 58,422,260</b>	<b>\$ 37,685,546</b>	<b>\$ 38,466,817</b>

**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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
Instruction	\$ 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	\$ 60,336,519
Support Services:										
Attendance and social work	248,501	398,270	448,018	157,459	182,244	255,573	246,939	207,527	236,477	340,855
Health services	617,741	544,884	637,506	661,490	732,384	772,340	796,828	854,374	1,046,052	1,174,587
Other support services	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	10,627,993
Improvement of instruction	203,799	271,038	179,443	430,554	270,851	300,373	342,936	344,422	409,855	414,027
Other support instructional staff	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	2,115,351
School library	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	2,649,056
General administration	956,330	3,015,951	965,471	971,733	1,041,045	1,241,805	1,273,071	1,325,591	1,161,267	1,127,016
School administration	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	4,653,951
Central administration	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	1,721,539
Info Technology	196,516	204,491	194,526	144,939	125,769	129,332	133,677	137,343	157,028	169,930
Required maintenance of plant	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	1,752,868
Operation of plant	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	6,933,749
Student transportation	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	3,420,892
Business and other support services and benefits	1,245,040	158,624								
Charter schools	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	4,907,407
Interest on long-term debt	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	1,357,596
Total governmental activities expenses	<u>72,170,723</u>	<u>76,431,759</u>	<u>78,400,070</u>	<u>80,166,427</u>	<u>79,061,941</u>	<u>82,606,207</u>	<u>85,223,125</u>	<u>87,369,168</u>	<u>97,944,247</u>	<u>103,703,336</u>
Business-type activities:										
Food service	756,263	793,234	831,244	768,729	798,944	887,786	931,533	852,358	906,162	965,528
Total business-type activities expense	<u>756,263</u>	<u>793,234</u>	<u>831,244</u>	<u>768,729</u>	<u>798,944</u>	<u>887,786</u>	<u>931,533</u>	<u>852,358</u>	<u>906,162</u>	<u>965,528</u>
Total district expenses	<u>\$ 72,926,986</u>	<u>\$ 77,224,993</u>	<u>\$ 79,231,314</u>	<u>\$ 80,935,156</u>	<u>\$ 79,860,885</u>	<u>\$ 83,493,993</u>	<u>\$ 86,154,658</u>	<u>\$ 88,221,526</u>	<u>\$ 98,850,409</u>	<u>\$ 104,668,864</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition and transportation)	\$ 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	\$ 5,376,277
Other support services				172,300	187,332	202,716	187,508	182,323	170,062	194,682
Operating grants and contributions	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	2,216,199
Capital grants and contributions		1,648,136	32,796	101,871	3,786,624	814,839	446,483	422,286	392,479	21,749
Total governmental activities program revenues	<u>\$ 6,676,401</u>	<u>\$ 8,487,982</u>	<u>\$ 7,805,428</u>	<u>\$ 8,127,879</u>	<u>\$ 11,882,489</u>	<u>\$ 8,050,990</u>	<u>\$ 7,406,406</u>	<u>\$ 7,767,095</u>	<u>\$ 7,757,024</u>	<u>\$ 7,808,907</u>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-type activities:</b>										
Charges for services										
Food service	\$ 551,334	\$ 618,158	\$ 680,801	\$ 654,714	\$ 636,671	\$ 609,672	\$ 640,290	\$ 577,235	\$ 618,599	\$ 635,162
Operating grants and contributions	176,304	150,749	110,084	123,984	218,814	256,874	242,110	270,288	296,420	300,296
Total business type activities program revenues	727,638	768,907	790,885	778,698	855,485	866,546	882,400	847,523	915,019	935,458
Total district program revenues	\$ 7,404,039	\$ 8,896,786	\$ 8,918,764	\$ 12,661,187	\$ 8,622,580	\$ 866,546	\$ 882,400	\$ 847,523	\$ 915,019	\$ 935,458
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (95,894,429)
Business-type activities	(28,625)	(24,327)	(40,359)	9,969	56,541	(21,240)	(49,133)	(4,835)	8,857	(30,070)
Total district-wide net expense	\$ (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)	\$ (95,924,499)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 68,227,892
Property taxes levied for debt service	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	5,184,676
Unrestricted grants and contributions	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	22,530,148
Investment earnings	1,172,111	814,904	214,959	81,803	70,475	44,400	94,570	98,717	86,592	87,684
Miscellaneous income	520,681	631,646	413,921	359,859	360,631	364,464	405,447	508,472	404,436	673,868
Special item								1,450,000		
Transfers	(35,000)	(359,358)	(24,217)							
Total governmental activities	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	96,704,268
Business-type activities:										
Interest earnings			1,378	923	1,333	1,075	1,443	1,406	1,190	1,502
Transfers	35,000	359,358	24,217							
Total business-type activities	35,000	359,358	25,595	923	1,333	1,075	1,443	1,406	1,190	1,502
Total district-wide	\$ 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	\$ 96,705,770
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 809,839
Business-type activities	6,375	335,031	(14,764)	10,892	57,874	(20,165)	(47,690)	(3,429)	10,047	(28,568)
Total district	\$ 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	\$ 781,271

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 4,053,376	\$ 5,948,835	\$ 7,396,062	\$ 4,654,747						
Unreserved	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	\$ 3,082,576
Assigned					2,947,324	3,115,273	3,376,199	2,564,496	2,767,686	2,497,562
Unassigned					1,846,510	1,437,885	1,782,705	2,089,412	2,416,510	2,227,902
Total general fund	<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>	<u>\$ 7,808,040</u>
All Other Governmental Funds										
Reserved	\$ 2,042,589	\$ 807,106	\$ 721,564	\$ 1,898,146						
Unreserved, reported in:										
Special revenue fund (deficit)	(7,869)	(8,803)	(4,304)	(3,780)						
Capital projects fund	15,966		85,542	169,635						
Debt service fund	1,133,778	873,307	405,593	283,237						
Restricted for										
Capital projects						\$ 200,596	\$ 8,672,752	\$ 2,638,335	\$ 2,076,811	\$ 2,331,483
Debt service					\$ 42,738	25,341	33,271	51,740	39,218	26,702
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)	(4,950)
Total all other governmental funds	<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>	<u>\$ 2,353,235</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 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	\$ 73,412,568
Tuition charges	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	5,376,277
Interest earnings	1,172,111	814,904	214,959	81,803	70,475	44,400	94,570	98,717	86,592	87,684
Miscellaneous	997,650	592,739	679,372	507,081	538,619	554,556	621,227	556,830	510,679	519,200
Hazardous routes	138,727	279,871	215,600	172,300	187,332	202,716	187,508	182,323	170,062	170,061
Transportation-other LEAs										24,621
State sources	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	13,452,835
Federal sources	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	1,432,793
<b>Total revenue</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>94,476,039</b>
<b>Expenditures</b>										
Instruction										
Regular and special educ instruct.	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	37,514,063
Support Services:										
Attendance and social work	195,748	311,539	323,670	117,575	127,704	177,467	169,791	142,132	145,051	197,915
Health services	486,603	426,225	471,229	503,048	524,191	552,359	558,533	597,235	656,122	697,932
Other support services	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	6,622,840
Improvement of instruction	160,535	212,014	138,717	332,708	192,278	221,213	246,630	248,390	264,153	260,426
Other support: instructional staff	817,088	862,776	1,018,108	1,014,832	978,245	1,014,811	1,094,758	1,174,692	1,062,201	1,161,809
School library	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	1,782,457
Instructional staff training										
General administration	753,314	2,359,170	776,991	796,259	817,958	878,921	970,444	975,957	852,728	785,218
School administration	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	2,736,859
Central services	978,436	949,763	942,273	973,292	981,059	994,459	1,120,455	1,100,916	1,052,953	1,103,190
Information technology	154,798	159,959	140,440	108,099	87,996	89,756	91,776	93,841	96,093	98,495
Required maintenance of plant	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	1,350,502
Operation of plant-custodial services	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	4,397,712
Care & upkeep of grounds				297,474	307,303	362,784	501,089	378,089	344,270	371,902
Security				168,108	86,866	101,040	122,138	181,892	178,927	190,611
Student transportation	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	2,837,918
Business and other support services and benefits	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	13,262,380
On-behalf contributions	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	7,999,923
Capital outlay	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	381,872
Charter school	2,426,999	2,664,475	4,483,598	4,430,664	4,255,318	4,483,493	4,628,664	4,729,512	4,899,639	4,907,407
Debt service:										
Principal	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	4,734,765
Cost of bond issuance				251,677				137,754		
Interest and other charges	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	1,193,850
<b>Total expenditures</b>	<b>79,494,313</b>	<b>80,791,975</b>	<b>79,931,897</b>	<b>81,663,305</b>	<b>83,884,489</b>	<b>83,962,577</b>	<b>87,959,544</b>	<b>96,803,482</b>	<b>93,489,293</b>	<b>94,590,046</b>
Excess (Deficiency) of revenues over (under) expenditures	(1,923,309)	(1,217,542)	34,338	(2,332,470)	(1,729,501)	415,335	(988,407)	(7,651,472)	(1,925,191)	(114,007)
<b>Other financing sources (uses)</b>										
Capital leases (non-budgeted)	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	1,250,020	329,228	82,305	1,523,103	1,156,935	5,706	47,732	24,174	974,170	1,591,689
Transfers out	(1,285,020)	(688,586)	(106,522)	(1,523,103)	(1,156,935)	(5,706)	(47,732)	(24,174)	(974,170)	(1,591,689)
<b>Total other financing sources (uses)</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>-</b>
Special item							1,450,000			
<b>Net change in fund balances</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>	<b>\$ (114,007)</b>
Debt service as a percentage of noncapital expenditures	7.5%	7.0%	6.9%	5.6%	5.7%	5.4%	5.3%	6.3%	6.2%	6.3%

Source: CAPR 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	Transportation Other LEAs	Tuition	Rentals	Refunds	In Lieu	Misc.	Total
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
2016	70,790	170,061	\$ 24,621	5,376,277	237,393		72,000	114,475	6,065,617

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)
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
2016	88,842,500	5,700,180,500	37,814,600	335,600	778,304,700	11,759,700	274,387,200	6,891,624,800	2,354,194,900	8,698,857	6,900,323,657	1.08	7,700,394,662

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 2007 through 2016.

\*Year of revaluation



Princeton Public Schools  
Property Tax Rates - Direct and Overlapping Governments  
Last Four 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
2016	1.004	0.076	1.080	0.494	0.689	2.264

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

**Note:** The recent Fiscal Years are presented separately from the previous six 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  
Six Fiscal Years from 2007 - 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	
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	
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 2016		Taxpayer	Princeton Township & Borough 2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Trustees of Princeton University	\$ 403,657,000	5.92%	Trustees of Princeton University	\$ 201,717,400	5.93%
Palmer Residences I LLC/PSN	85,338,600	1.25%	Palmer Sq. Ltd. Properties	18,830,000	0.55%
Palmer Sq. Ltd. Partners	35,310,000	0.52%	Jasna Polana	18,023,000	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%	PSN Partners	16,610,000	0.49%
Avalon Properties, LLC	22,212,000	0.33%	Nassau Inn Partnership	13,552,000	0.40%
Nassau Inn Partnership	26,030,100	0.38%	Church & Dwight	9,000,000	0.26%
Institute For Advanced Study	21,570,400	0.32%	Health Horizons	7,606,600	0.22%
Princeton Theological Seminary	18,543,700	0.27%	Thanet Road Assoc. LLC	7,500,000	0.22%
Fountain Ridge (Copperwood)	17,590,900	0.26%	Princeton Professional PK	7,283,900	0.21%
<b>Total</b>	<b>\$ 692,494,100</b>	<b>10.15%</b>		<b>\$ 317,817,700</b>	<b>9.34%</b>
<b>Net Assessed Value</b>	<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 Four 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%	-
2016	73,412,568	73,412,568	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 four fiscal years are presented separately from the previous six fiscal years as a result of the merger of the municipalities in the 2013 fiscal year.

Princeton Public Schools  
Property Tax Levies and Collections  
Six Fiscal Years from 2007 - 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>				
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>				
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 Income	Per Capita Personal Income	Percentage of Per Capita Income
2013	\$ 44,740,000	\$ -	\$ 44,740,000	\$ 29,076	0.06%	\$ 56,906	0.13%
2014	40,495,000	-	40,495,000	29,103	0.07%	59,875	0.15%
2015	36,130,000	-	36,130,000	29,603	0.08%	59,875	0.17%
2016	31,635,000	-	31,635,000	29,603	0.09%	59,875	0.19%

*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					
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.

**a** 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,	Municipality of Princeton General Bonded Debt Outstanding			Percentage of Actual	
	General Obligation Bonds	Restricted for Debt Service	Net General Bonded Debt Outstanding	Taxable Value of Property	Per Capita
2013	\$ 44,740,000	\$ 33,271	\$ 44,706,729	0.62%	\$1,562
2014	40,495,000	51,740	40,443,260	0.56%	1,390
2015	36,130,000	39,218	36,090,782	0.48%	1,219
2016	31,635,000	26,703	31,608,297	0.41%	1,068

Borough and Township Information Noted Below

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Borough Percentage of Actual Taxable Value <sup>a</sup> of Property	Borough Per Capita <sup>b</sup>	Township Percentage of Actual Taxable Value <sup>a</sup> of Property	Township Per Capita <sup>b</sup>
	General Obligation Bonds	Net General Bonded Debt Outstanding				
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, 2016  
 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	\$ 79,488,580	100.00%	\$ 79,488,580
<b>Other debt</b>			
M.C.I.A.	17,731,526	100.00%	<u>17,731,526</u>
Subtotal overlapping debt			97,220,106
<b>Princeton Public Schools: Direct Debt</b>			<u>31,635,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 128,855,106</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.

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



Princeton Public Schools  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

**Legal Debt Margin Calculation for Fiscal Year 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 259,238,599	\$ 282,205,299	\$ 298,187,870	\$ 305,827,879	\$ 301,471,638	\$ 290,792,962	\$ 319,468,403	\$ 352,546,182	\$ 291,856,199	\$ 299,372,689
Total net debt applicable to limit	<u>52,124,000</u>	<u>48,949,000</u>	<u>45,674,000</u>	<u>42,945,000</u>	<u>40,000,000</u>	<u>36,930,000</u>	<u>44,706,729</u>	<u>40,443,260</u>	<u>36,090,782</u>	<u>31,608,297</u>
Legal debt margin	<u>\$ 207,114,599</u>	<u>\$ 233,256,299</u>	<u>\$ 252,513,870</u>	<u>\$ 262,882,879</u>	<u>\$ 261,471,638</u>	<u>\$ 253,862,962</u>	<u>\$ 274,761,674</u>	<u>\$ 312,102,922</u>	<u>\$ 255,765,417</u>	<u>\$ 267,764,392</u>
Total net debt applicable to the limit as a percentage of debt limit	20.11%	17.35%	15.32%	14.04%	13.27%	12.70%	13.99%	11.47%	12.37%	10.56%

Equalized valuation basis	
2016	\$ 7,700,394,662
2015	7,477,416,279
2014	<u>7,275,140,742</u>
	<u>\$ 22,452,951,683</u>
Average equalized valuation of taxable property	<u>\$ 7,484,317,228</u>
Debt limit (4 % of average equalization value)	\$ 299,372,689
Net bonded school debt	<u>31,608,297</u>
Legal debt margin	<u>\$ 267,764,392</u>

Source: Abstract of Ratables, Annual Report of the State of New Jersey, Department of the Treasury, Division of Taxation and District Records.

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>
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	28,596	92,720	52,124	8.3%
2011	28,122	N/A	53,271	8.1%
2012	28,699	N/A	55,714 *	5.4%
2013	29,076	N/A	56,906 *	3.9%
2014	29,103	N/A	59,875 *	3.7%
2015	29,603	N/A	N/A	3.1%

**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	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Trustees of Princeton University	13,055	1	26.07%	5,245		54.22%
Covance	11,800	2	23.56%	N/A		
NRG Energy	5,193	3	10.37%	N/A		
Bristol-Meyers Squibb	4,484	4	8.95%	N/A		
Integra Life Sciences	3,400	5	6.79%	N/A		
Capital Health System	3,250	6	6.49%	N/A		
Educational Testing Services ETS	3,000	7	5.99%	N/A		
Church & Dwight Co.	2,750	8	5.49%	600		6.20%
Princeton Healthcare System	2,450	9	4.89%	N/A		
Princeton Public Schools	693	10	1.38%	563		5.82%
University Medical Center at Princeton			0.00%	2,500		25.85%
Princeton Plasma Physics Lab			0.00%	485		5.01%
Princeton Theological Seminary			0.00%	280		2.89%
	<u>50,075</u>		<u>100.00%</u>	<u>9,673</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	310	314	323	323	270	281	282	277	287	290
Special education	36	38	40	41	45	43	49	51	52	54
Other special education	44	35	37	52	70	54	53	50	52	52
Other instruction	38	54	55	56	56	74	89	74	81	81
Support Services:										
Student & instruction related services	23	26	28	28	43	42	48	51	53	56
General administrative services	5	5	5	5	5	5	5	5	5	5
School administrative services	32	30	31	40	44	44	48	55	50	49
Business administrative services	13	13	13	13	12	13	13	12	12	12
Plant operations and maintenance	45	52	55	60	60	60	60	62	68	72
Pupil transportation	17	15	16	25	25	26	25	25	25	22
Total	<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>	<u>693</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

Pupil/Teacher Ratio

At June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	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
						Elementary	Middle School	High School				
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%
2016	3,553	88,279,559	24,846	3.36%	344	1:10	1:10	1:11	3,553	3,365	-0.28%	94.71%

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

Note: 'Enrollment' based June 30, 2016 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
<b><u>Elementary</u></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	373	341	327	334	318	301	284	302	324	320
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	355	366	360	381	375	357	351	350	376	346
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	350	364	310	305	347	339	342	342	356	333
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	342	343	312	298	278	254	265	281	271	261
<b><u>Middle School</u></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	631	615	671	642	659	715	742	691	713	723
<b><u>High School</u></b>										
Princeton High School (1927)										
Square Feet	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020
Capacity (students)	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Enrollment	1,307	1,314	1,386	1,380	1,404	1,412	1,430	1,456	1,523	1,570
<b><u>Other</u></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, 2016:

- 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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
High School	\$ 455,054	\$ 340,318	\$ 312,476	\$ 385,851	\$ 461,625	\$ 412,842	\$ 267,989	\$ 349,051	\$ 355,843	\$ 361,494
John Witherspoon Middle	276,127	248,577	264,244	195,511	100,764	150,553	153,075	210,637	193,669	178,191
Community Park Elementary	136,973	127,857	132,429	119,870	145,063	147,188	134,807	104,938	103,999	82,264
Johnson Park Elementary	148,948	141,025	196,006	117,786	113,389	113,400	148,569	112,412	114,676	95,710
Littlebrook Elementary	139,448	156,703	111,547	113,770	104,308	100,938	138,221	121,882	103,607	72,452
Riverside Elementary	141,106	138,925	107,473	88,533	98,700	98,773	158,505	111,189	121,423	95,472
Grand Total	<u>\$ 1,297,656</u>	<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>

Source: District records of required maintenance.

Princeton Public Schools  
Insurance Schedule  
Year ended June 30, 2016  
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, 2016  
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 the 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, New Jersey (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2016.

**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.

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.

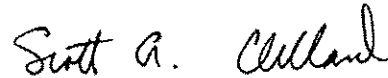
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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

October 19, 2016  
Livingston, New Jersey

Report on Compliance For Each Major Federal and State Program and  
on Internal Control Over Compliance Required by the Uniform Guidance 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, 2016. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance 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, 2016.

### **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 the Uniform Guidance 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.

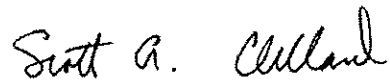
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

**Purpose of this Report**

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

October 19, 2016  
Livingston, New Jersey

Princeton Public Schools

Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2015	Carryover/Walkover Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2016		
					From	To							(Accounts Receivable)	Unearned Revenue	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	1605NJ5MAP	N/A	\$ 3,319	7/1/2013	6/30/2014				\$ (3,319)			\$ (3,319)		
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	6,096	7/1/2012	6/30/2013	\$ (1,274)		\$ 1,274						
Total U.S. Department of Health and Human Services - Passed - Through State Department of Education							(1,274)		1,274	(3,319)			(3,319)		
Total General Funds							(1,274)		1,274	(3,319)			(3,319)		
<b>U.S. Department of Education--Passed-Through State Department of Education</b>															
Special Revenue Fund:															
Title I, Part A	84.010A	S010A150030	N/A	312,366	7/1/2015	6/30/2016			242,262	(253,340)			(11,078)		
Title I, Part A	84.010A	S010A150030	N/A	298,218	7/1/2014	6/30/2015	(15,444)		15,444						
Title II A	84.367A	S367A150029	N/A	119,380	7/1/2015	6/30/2016			78,291	(84,754)			(6,463)		
Title II A	84.367A	S367A150029	N/A	114,192	7/1/2014	6/30/2015	(10,347)		10,347						
Title III	84.365A	S365A150030	N/A	45,962	7/1/2015	6/30/2016			36,652	(37,199)			(547)		
Title III, Supplemental Immigrant Student Aid	84.365A	S365A150030	N/A	62,225	7/1/2015	6/30/2016			32,750	(33,394)			(644)		
Title III	84.365A	S365A150030	N/A	41,561	7/1/2014	6/30/2015	(2,467)		2,467						
Title III, Supplemental Immigrant Student Aid	84.365A	S365A150030	N/A	52,312	7/1/2014	6/30/2015	(2,880)		2,880						
I.D.E.I.A. Part B, Regular	84.027	S027A150100	N/A	1,120,087	7/1/2015	6/30/2016			542,046	(1,027,288)			(485,242)		
I.D.E.I.A. Part B, Regular	84.027	S027A150100	N/A	1,153,247	7/1/2014	6/30/2015	(178,010)		178,010						
I.D.E.I.A. Part B, Preschool	84.173	S173A150114	N/A	29,372	7/1/2015	6/30/2016			4,819	(5,944)			(1,125)		
I.D.E.I.A. Part B, Preschool	84.173	S173A150114	N/A	29,235	7/1/2014	6/30/2015	(780)		780						
Total Special Revenue Fund							(209,928)		1,146,748	(1,441,919)			(505,099)		
<b>U.S. Department of Agriculture--Passed-Through State Department of Education</b>															
Enterprise Fund:															
Food Donation Program (NC)	10.555	16161NJ304N109	N/A	57,056	7/1/2015	6/30/2016			57,056	(55,171)			\$ 1,885		
Food Donation Program (NC)	10.555	16161NJ304N109	N/A	49,587	7/1/2014	6/30/2016		2,931		(2,931)					
National School Breakfast Program	10.553	16161NJ304N109	N/A	30,150	7/1/2015	6/30/2016			27,770	(30,150)			(2,380)		
National School Breakfast Program	10.553	16161NJ304N109	N/A	29,574	7/1/2014	6/30/2015	(2,407)		2,407						
National School Lunch Program	10.555	16161NJ304N109	N/A	205,176	7/1/2015	6/30/2016			190,018	(205,176)			(15,158)		
National School Lunch Program	10.555	16161NJ304N109	N/A	212,298	7/1/2014	6/30/2015	(18,849)		18,849						
Total Enterprise Fund and Total U.S. Department of Agriculture-- Passed-Through State Department of Education							(18,325)		296,100	(293,428)			(17,538)	1,885	
Total Federal Awards							\$ (229,527)	\$ -	\$ 1,444,122	\$ (1,738,666)	\$ -	\$ -	\$ (525,956)	\$ 1,885	\$ -
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, 2016

State Grants/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2015		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Unexpended Revenue	Balance at June 30, 2016		Memo
				Unexpended Rev. (Accts Rec)	Due to Grantor							(Accounts Receivable)	Due to Grantor	
State Department of Education														
General Fund:														
Transportation Aid	15-495-034-5120-014	\$ 846,497	7/1/2015	\$ (48,065)	\$	\$ 784,108	\$ (846,497)			\$ (62,389)	\$	\$ (846,497)		
Special Education Categorical Aid	15-495-034-5120-089	2,107,628	7/1/2015	(144,572)		1,952,909	(2,107,628)			(153,333)		(2,107,628)		
Security Aid	15-495-034-5120-084	299,807	7/1/2015	(20,565)		277,710	(299,807)			(22,007)		(299,807)		
Adjustment Aid	15-495-034-5120-085	107,606	7/1/2015	(7,389)		99,675	(107,606)			(7,051)		(107,606)		
Extraordinary Aid	15-100-034-5120-473	1,292,424	7/1/2015	(1,438,125)		1,438,125	(1,292,424)			(1,292,424)		(1,292,424)		
Additional NP Transportation Aid	15-495-034-5120-014	38,651	7/1/2015	(38,651)			(38,651)			(38,651)		(38,651)		
PARCC Readiness Aid	15-495-034-5120-098	34,020	7/1/2015	(2,334)		31,413	(34,020)			(2,507)		(34,020)		
PARCC Readiness Aid	15-495-034-5120-098	34,020	7/1/2015	(2,334)		31,413	(34,020)			(2,507)		(34,020)		
Per Pupil Growth Aid	15-495-034-5120-097	34,020	7/1/2015	(2,334)										
One-Birth/TPAF Pension and Medical Contributions	16-495-034-5094-007	5,569,848	7/1/2015	(2,430,975)		5,569,848	(5,569,848)			(118,424)		(5,569,848)		
Reimbursed TPAF - Social Security	16-495-034-5094-003	2,430,075	7/1/2015	(2,430,975)		2,431,451	(2,430,075)			(118,424)		(2,430,075)		
Reimbursed TPAF - Social Security	15-495-034-5094-003	2,237,622	7/1/2014	(1,936,964)		224,938	(12,737,212)			(1,446,135)		(12,737,212)		
Total General Fund						12,990,604	(49,500)			(4,950)		(49,500)		
Special Revenue Fund:														
Preschool Education Aid	495-034-5120-086	49,500	7/1/2015	(4,950)		44,550	(49,500)					(49,500)		
Preschool Education Aid	495-034-5120-086	49,500	7/1/2014											
New Jersey Non-Public Aid:														
Non Public Nursing Services	100-034-5120-070	261,900	7/1/2015	\$	76,684	261,900	(203,633)			\$ 58,267		(203,633)		
Non Public Nursing Services	100-034-5120-070	279,498	7/1/2014			72,739	(64,154)			8,296		(64,154)		
Security Aid	100-034-5120-309	47,730	7/1/2015			67,470	(65,761)			1,709		(65,761)		
Non Public Technology Initiative	100-034-5120-373	83,340	7/1/2015		1,207	148,175	(134,525)			13,622		(134,525)		
Non Public Textbook Aid	100-034-5120-064	148,175	7/1/2015		11,333	14,463	(14,463)					(14,463)		
Non Public Textbook Aid	100-034-5120-064	155,207	7/1/2014											
Non Public Transportation Aid	100-034-5120-068	14,463	7/1/2015			16,134	(16,134)			(242)		(16,134)		
Non Public Auxiliary Services (Ch. 192):														
English as a Second Language	100-034-5120-067	16,134	7/1/2015			5,334	(42)					(42)		
Home Instruction	242	242	7/1/2015			32,995	(23,381)			7,614		(23,381)		
Home Instruction	5,334	5,334	7/1/2014											
Compensatory Education	32,995	32,995	7/1/2015		7,442									
Compensatory Education	57,331	57,331	7/1/2014											
Non Public Handicapped Services (Ch. 193):														
Supplemental Instruction	100-034-5120-066	26,733	7/1/2015			26,733	(16,377)			10,396		(16,377)		
Examination and Classification	61,695	61,695	7/1/2015		14,581	61,695	(49,084)			12,611		(49,084)		
Examination and Classification	85,176	85,176	7/1/2014			47,656	(43,476)			4,180		(43,476)		
Curative Speech	48,593	48,593	7/1/2015		2,651									
Curative Speech	4,000	4,000	7/1/2015			4,000	(3,857)			\$ 143		(3,857)		
Sustainable Jersey Schools Health and Wellness	N/A	4,000	7/1/2015											
New Jersey Achievement Coaches Content Development	15E08130	35,000	2/1/2015	(1,077)	113,898	30,605	(29,528)			172	143	(29,528)		
Total Special Revenue Fund						834,460	(716,073)			(242)	172	(716,073)		
New Jersey Schools Development Authority														
Capital Projects Fund:														
Schools Development Authority Grant	4235-050-14-1001	483,180	9/1/2015											
Schools Development Authority Grant	4235-050-14-1002	50,276	9/1/2015											
Schools Development Authority Grant	4235-110-14-1004	196,408	9/1/2015											
Schools Development Authority Grant	4235-083-14-1009	10,563	12/19/2014			10,568	(10,568)							
Schools Development Authority Grant	4235-083-14-1010	21,152	12/19/2014											
Schools Development Authority Grant	4235-090-14-1011	12,910	12/19/2014											
Schools Development Authority Grant	4235-050-14-1005	68,788	12/19/2014			24,584	(24,584)							
Schools Development Authority Grant	4235-090-14-1006	372,690	12/19/2014			55,033	(55,033)							
Schools Development Authority Grant	4235-110-14-1007	29,348	12/19/2014			11,887	(11,887)							
Total Capital Projects Fund						156,124	(31,749)			(31,749)		(31,749)		
Enterprise Fund:														
State School Lunch Program (State share)	16-100-010-03350-023	6,868	7/1/2015	(868)		6,372	(6,868)			(496)		(6,868)		
State School Lunch Program (State share)	15-100-010-03350-023	7,498	7/1/2014	(868)		7,340	(6,868)			(496)		(6,868)		
Total Enterprise Fund														
Total State Financial Assistance						\$ 13,968,428	(13,501,804)			\$ 172	\$ 143	(1,468,022)		
State Financial Assistance Not Subject to Single Audit Determination						\$ 5,569,848	(5,569,848)			\$ 172	\$ 143	(1,468,022)		
On-Budget/TPAF Pension and Medical Contributions						\$ 3,932,956	(3,932,956)			\$ 172	\$ 143	(1,468,022)		
Total State Financial Assistance Subject to Single Audit Determination						\$ 8,395,624	(8,031,856)			\$ 172	\$ 143	(1,468,022)		
Total State Financial Assistance						\$ 13,968,428	(13,501,804)			\$ 172	\$ 143	(1,468,022)		
Reimbursed TPAF - Social Security						\$ 2,431,451	(2,430,075)			(118,424)		(2,430,075)		
Total						\$ 16,400,000	(15,932,679)			\$ 172	\$ 143	(1,468,022)		

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, 2016

#### **1. General**

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

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules 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 or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

Princeton Public Schools

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

Year ended June 30, 2016

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

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two 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 payment 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 \$17,519 for the general fund and \$17,090 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	\$ 3,319	\$ 12,739,693	\$ 12,743,012
Special Revenue Fund	1,429,474	691,393	2,120,867
Capital Projects Fund		21,749	21,749
Food Service Enterprise Fund	293,428	6,868	300,296
Total financial award revenues	<u>\$ 1,726,221</u>	<u>\$ 13,459,703</u>	<u>\$ 15,185,924</u>

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$12,445 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

Princeton Public Schools

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

Year ended June 30, 2016

**4. Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**5. Adjustments**

The adjustment presented on exhibit K-4 represents an additional payable due to the State for a Non-Public Textbook purchase order that was not paid in full as of June 30, 2015.

**6. Other**

Revenues and expenditures reported under the Food Donation Program represent current year value 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 for TPAF members for the year ended June 30, 2016.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2016 amounted to \$5,569,848. 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 (continued)

Year ended June 30, 2016

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

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?            Yes   X   No

Are any significant deficiencies identified?            Yes   X   None Reported

Is any noncompliance material to financial statements noted?            Yes   X   No

**Federal Awards**

Internal control over major federal programs:

Are any material weaknesses identified?            Yes   X   No

Are any significant deficiencies identified?            Yes   X   None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            Yes   X   No

Identification of major programs:

<b>CFDA Number(s)</b>	<b>FAIN Number</b>	<b>Name of Federal Program or Cluster</b>
84.027,84.173	S027A150100/S173A150114	IDEA Part B, Basic and Preschool Cluster

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

Auditee qualified as low-risk auditee?   X   Yes            No

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2016

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

**State Awards**

Internal control over major state programs:

Are any material weaknesses identified? \_\_\_\_\_ Yes  No

Are any significant deficiencies identified? \_\_\_\_\_ Yes  None Reported

Type of auditors' report on compliance for major programs: \_\_\_\_\_ Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? \_\_\_\_\_ Yes  No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
16-495-034-5094-003	Reimbursed TPAF – Social Security

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

Auditee qualified as low-risk auditee?  Yes \_\_\_\_\_ No

Princeton Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

**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, 2016

**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 2 CFR 200 Section 516(a) and New Jersey State OMB Circular 15-08.



Princeton Public Schools  
Summary Schedule of Prior Year Audit Findings  
Year ended June 30, 2016

None.