

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, 2017**

Princeton Public Schools

Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Princeton Public Schools
Princeton, New Jersey

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

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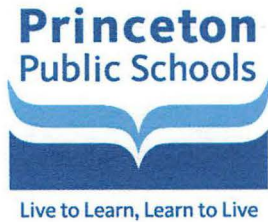
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Introductory Section



Stephanie Kennedy, Business Administrator/Board Secretary
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October 18, 2017

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, 2017, 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, 2017, 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 thereon. 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 disabled 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 2016-2017 fiscal year with an average daily enrollment of 3,724 students, which is 171 students more than the previous year's average daily enrollment. The following chart details the changes in the average daily student enrollment of the District over the last five years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2016-17	3,724	4.81%
2015-16	3,553	(0.28)
2014-15	3,563	4.12
2013-14	3,422	0.20
2012-13	3,415	1.10

2. Economic Condition and Outlook

The economy in the Princeton community and local region is stable and home property values are on the rise. Undeveloped land in Princeton is primarily owned by University of Princeton and a few other entities. Avalon Bay Apartment complex, Witherspoon Street is now complete. The property known as Merwick Stanworth, Bayard Street has completed building at this time and residents have moved. We continue to welcome students from these neighborhoods into District schools. The administration is concerned about enrollment growth. Enrollment has again increased for September 2017. Additionally, the Municipality will soon release the requirements for new housing projects. Proposed new housing will cause an increase to enrollment over the next ten years and into the future. The recent demographic report identifies a growth in enrollment at the high school now and in middle school in the next few years. All school buildings are in good condition but the District anticipates the need for an addition at the high school and the potential construction of a fifth and sixth school to address the middle enrollment growth. The needs of the entire District as well as the community are under review currently and plans for a referendum continue. Representatives of the Board and Municipality are working together to determine solutions to enrollment growth and other community needs.

The Princeton Charter School (“PCS”) opened its doors in 1997 with an initial enrollment of 72 students. Enrollment history of the last ten years and a projection for next year is noted:

<u>Fiscal Year</u>	<u>Enrollment</u>
2007-08	290
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	348
2017-18	402

The Charter School offers education to Princeton residents in grades kindergarten through eighth with most students enrolling at Princeton High School in ninth grade. Princeton Charter School Board filed an application for enrollment expansion with the Commissioner of Education in December 2016. Princeton Public Schools Superintendent was informed of this application one day prior to the filing. The Board of Education petitioned the Commissioner not to approve the expansion. PCS’s application ultimately was approved. The increase to enrollment at PCS will be over the next two school years. PCS will accept 52 new students in September 2017 and intends to enroll 24 additional students in September 2018. No communication of the charter school’s plan was offered to any District representative or the Board prior to the day before filing. 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' operating expenses. The expansion will divert over \$825,000 of funding from the District’s general budget to the tuition expense for PCS. The additional expense to the District for year two is expected to exceed \$350,000.

The school district is located in the County of Mercer, New Jersey with a population of 371,023 (2016) while the Municipality of Princeton itself has a resident population of 31,249. The Board of Education of Princeton has the legal level of budgetary control.

The Board of Education recently contracted for a demographic study. This study is assisting the Board with long term financial planning in both the general budget as well as planning for the needs relative to expansion of the school district facilities.

All Board policies that address financial matters are fully in line with New Jersey Statute 18A:18A, public school district matters.

The district is comprised of six schools. There is one high school originally built in 1927 and since has had additions dating through 2005. There is one middle school grades six through eight built in 1965 and four neighborhood elementary schools. Two elementary schools were built in 1959 while one was built in 1957 and the newest school was built in 1962.

3. Major Initiatives

Facilities Improvement Plan

The District has recently completed three window replacement projects funded 40% by ROD grants. Windows were replaced at Princeton High School, Community Park Elementary and Littlebrook Elementary schools. The New Jersey Schools Development Authority will contribute 40% of the costs for these three projects saving the District in excess of \$700,000. Additionally, window replacement occurred at Riverside school, funded by the balance of the 2012 referendum. Projects in 2016-2017, funded through capital reserve, included creation of a life skills room at the high school and a new roof on the administration building. These projects did not require the collection of additional taxes. All of the projects noted above received approval from the Department of Education and were included in the District's Long Range Facility Plan. As noted earlier, the District is planning for a large referendum to support enrollment growth and other district needs.

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 immersion program ran for a second year at Community Park Elementary School during 2016-2017. Two kindergarten, two first, two second and third grade classes will be included in this program during the upcoming third year. All of our elementary schools are fully equipped with science labs, computer labs and/or mobile laptop carts, and school libraries. Eligible high school students may take courses at Princeton University. All high school students may choose from a wide range of rigorous courses.

The District provides resources for continuous professional development of its staff; engages community organizations, businesses, and local government agencies as partners in the educational process, encourages parent and family involvement in school and district activities and committees; and participates with other school districts and higher education institutions in research and programming for closing the achievement gap between minority and economically disadvantaged students and their peers.

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

4. Internal Control

District administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by administration.

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

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

5. Budgetary Controls

In addition to internal control, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the 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, 2016, 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 **Twentieth (20th)** consecutive year the District has received this award.

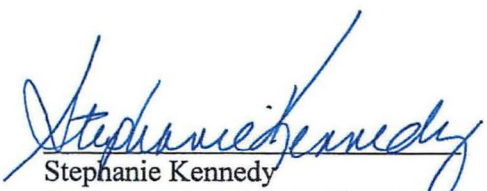
We believe that our current comprehensive annual financial report continues to meet the Program's rigorous requirements, and we are submitting it to ASBO International to determine its eligibility for the fiscal year 2016-2017 award.

8. Acknowledgments

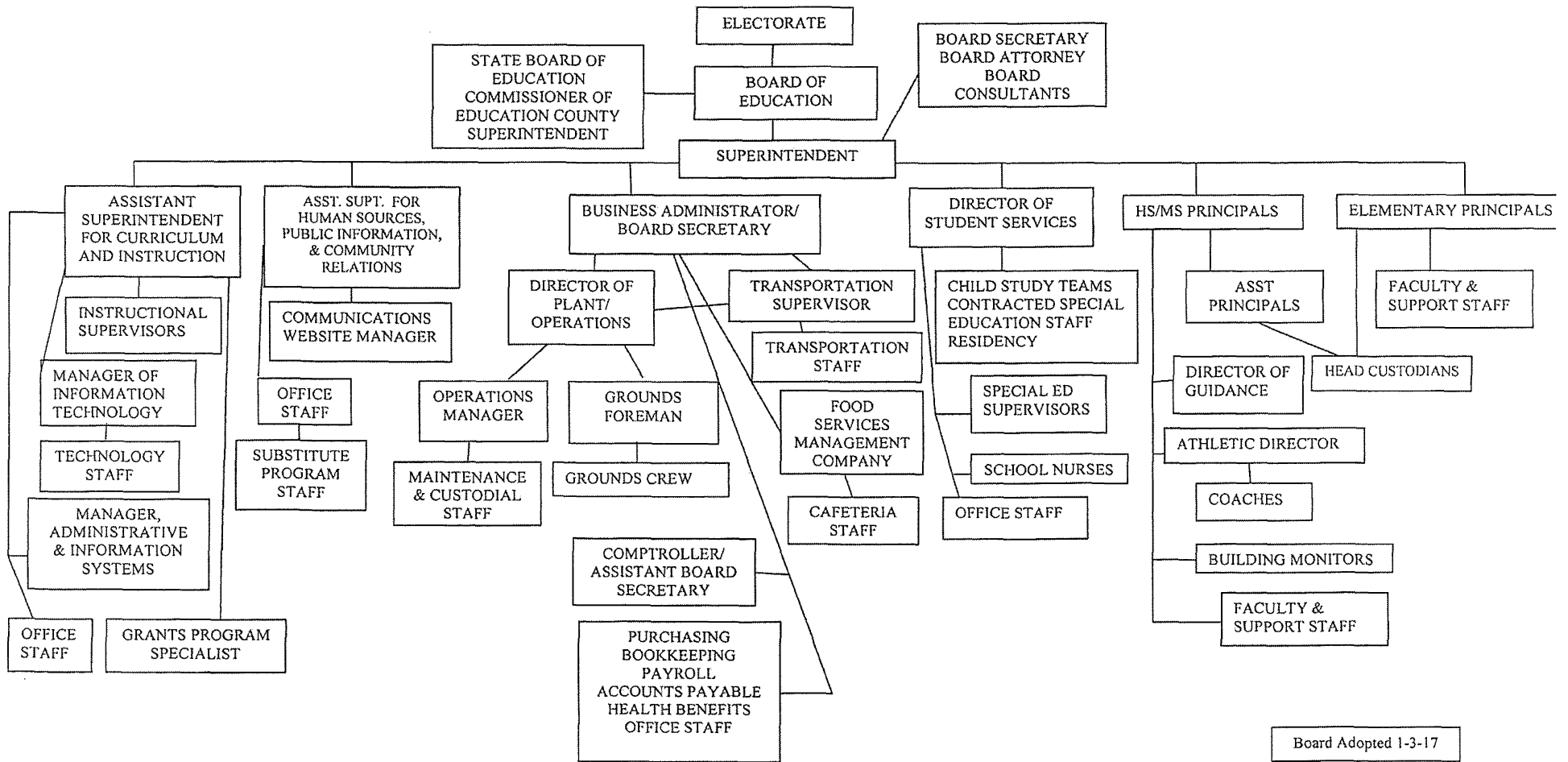
We would like to express our appreciation to the members of the Princeton School Board for its concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing full support to the development and maintenance of our financial operation. The preparation 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, 2017

<u>Members of the Board of Education</u>	<u>Term Expires (December)</u>
Patrick Sullivan, President	2018
Dafna Kendal, Vice President	2018
Betsy Kalber-Baglio	2018
Debbie Bronfeld	2019
Justin Doran	2017
William Hare	2019
Fern Spruill	2017
Gregory Stankiewicz	2019
Connie Witter	2017
Evelyn Spann*	*

Other Officials

Stephen C. Cochrane, Superintendent of Schools
Stephanie Kennedy, Business Administrator/Board Secretary
Annie G. Kosek, 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 & Company, LLP
354 Eisenhower Parkway
Suite 1850
Livingston, New Jersey 07039

Architect

Spiezle Group
1395 Yardville Hamilton Square Road
Second Floor
Hamilton, New Jersey 08691

Attorney

Fogarty & Hara, ESQS.
21-00 Route 208 South
Fair Lawn, New Jersey 07410

Parker McCay, P.A.
9000 Midlantic Drive,
Suite 300
Mount Laurel, New Jersey 08054

Official Depository

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



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Princeton Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read '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, 2017, 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, 2017, 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 combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance, 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 the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, 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, 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 18, 2017 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 solely 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 effectiveness of the District's 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 18, 2017
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, 2017

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, 2017. 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 33-70 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 71-98 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 by \$37,552,921 (net position) for the fiscal year ended June 30, 2017 and our overall financial position has decreased slightly 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, 2017 and 2016:

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
Year Ended June 30,

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 10,987,669	\$ 382,814	\$ 11,370,483	\$ 11,236,244	\$ 302,247	\$ 11,538,491
Capital assets, net	86,662,844	150,303	86,813,147	88,485,652	171,210	88,656,862
Total assets	97,650,513	533,117	98,183,630	99,721,896	473,457	100,195,353
Deferred outflows of resources	15,991,966		15,991,966	7,173,341		7,173,341
Liabilities:						
Current liabilities	7,846,643	74,819	7,921,462	7,593,340	54,405	7,647,745
Net pension liability	40,347,557		40,347,557	27,491,446		27,491,446
Long-term liabilities	28,353,656		28,353,656	33,320,676		33,320,676
Total liabilities	76,547,856	74,819	76,622,675	68,405,462	54,405	68,459,867
Deferred inflow of resources	-		-	442,010		442,010
Net position:						
Net investment in capital assets	59,712,054	150,303	59,862,357	57,046,654	171,210	57,217,864
Restricted for capital reserve	2,274,167		2,274,167	2,222,937		2,222,937
Restricted for capital projects	1,155,824		1,155,824	1,952,005		1,952,005
Restricted for excess surplus-current year	193,609		193,609	711,742		711,742
Restricted for excess surplus-prior year	711,742		711,742	147,897		147,897
Unrestricted (deficit)	(26,952,773)	307,995	(26,644,778)	(24,033,470)	247,842	(23,785,628)
Total net position	\$ 37,094,623	\$ 458,298	\$ 37,552,921	\$ 38,047,765	\$ 419,052	\$ 38,466,817

Current and other assets decreased primarily due to the decrease in cash and cash equivalents, as a withdrawal of approximately \$285,000 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 mainly from the change in assumptions used. 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 a majority of 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, 2017.

Government-wide activities. The key elements of the District's net position for the years ended June 30, 2017 and 2016 are as follows:

Princeton Public Schools Princeton, New Jersey Net Position Year Ended June 30,						
2017			2016			
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 5,320,393	\$ 754,998	\$ 6,075,391	\$ 5,570,959	\$ 635,162	\$ 6,206,121
Operating grants and contributions	2,436,682	312,002	2,748,684	2,216,199	300,296	2,516,495
Capital grants and contributions	458,968		458,968	21,749		21,749
General revenues:						
Property taxes	75,596,645		75,596,645	73,412,568		73,412,568
Federal and state aid not restricted to specific purposes	28,887,329		28,887,329	22,530,148		22,530,148
Earnings on investments	83,404	1,731	85,135	87,684	1,502	89,186
Miscellaneous	457,106		457,106	673,868		673,868
Total Revenues	113,240,527	1,068,731	114,309,258	104,513,175	936,960	105,450,135
Expenses:						
Instructional services	66,875,881		66,875,881	60,336,519		60,336,519
Support services	41,330,206	1,029,485	42,359,691	37,101,814	965,528	38,067,342
Charter school	4,745,777		4,745,777	4,907,407		4,907,407
Interest on long-term debt	1,241,805		1,241,805	1,357,596		1,357,596
Total expenses	114,193,669	1,029,485	115,223,154	103,703,336	965,528	104,668,864
Change in net position	(953,142)	39,246	(913,896)	809,839	(28,568)	781,271
Net position-beginning of year	38,047,765	419,052	38,466,817	37,237,926	447,620	37,685,546
Net position-end of year	\$ 37,094,623	\$ 458,298	\$ 37,552,921	\$ 38,047,765	\$ 419,052	\$ 38,466,817

The change in capital grants and contributions was related to the increased work that was performed in the current year relating to the New Jersey Schools Development Authority grants in the current year as compared to the prior year.

Property taxes increased \$2,184,077, 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 \$6,440,065, as well as an increase in on-behalf TPAF pension contributions of \$858,198.

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 \$2,159,598, while the total fund balance was \$8,486,189. The net change in total fund balance for the General Fund was an increase of \$678,149, which was mainly attributable to District not making significant transfers to the capital projects fund. The District withdrew \$285,000 for the use of capital projects and deposited \$263,000 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 \$220,483 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 \$1,137,135.

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 \$1,322,626 in the current fiscal year compared to expenditures of \$381,872 in the prior year. The increase was mainly due to current year expenditures relating to three New Jersey Schools Development Authority grants that were awarded that were started in the prior year and completed in the current year. Prior year expenditures related to three grant projects that were started, but not completed 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 \$-0-, which is attributable to the entire fund balance being used in the budget to offset current year payments.

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, 2017, and the increases in relation to prior year.

Revenue	Amount	Percent of Total	Increase from 2016	Percent of Increase
Local sources	\$ 81,494,006	83.6%	\$ 1,920,489	2.4%
State sources	14,423,126	14.8	992,040	7.4
Federal sources	1,586,747	1.6	153,954	10.7
Total	\$ 97,503,879	100.0%	\$ 3,066,483	3.2%

The increase in local sources is mainly attributable to an increase in the tax levy of \$2,184,077.

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 \$858,198, plus increases in various other state grants.

The increase in federal sources is mainly attributable to an increase in the IDEA grant in the current year of \$103,903, plus increase in various other federal 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, 2017, and the increases and decreases in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2016</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 38,166,287	39.3%	\$ 652,224	1.7%
Support services	48,229,861	49.7	2,371,772	5.2
Charter schools	4,745,777	4.9	(161,630)	(3.3)
Debt service:				
Principal	4,874,765	5.0	140,000	3.0
Interest	1,079,600	1.1	(114,250)	(9.6)
Total	<u>\$ 97,096,290</u>	<u>100.0%</u>	<u>\$ 2,888,116</u>	<u>3.1%</u>

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 and the increase in the State of New Jersey on-behalf pension contributions.

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 \$321,000 or 29% as a result of the accumulated leave budgeted amounts transferring to the budget line associated with payouts.
- The modified budget for undistributed expenditures-instruction for tuition to CSSD and regional day schools decreased from the original budget by approximately \$186,000 or 20% as a result of fewer students attending CSSD in the current year.

- The modified budget for undistributed expenditures-child study team for purchased professional educational services increased from the original budget by approximately \$299,000 or 43% as a result of encumbering of additional funds in anticipation of service needs.
- The modified budget for undistributed instruction – non-instructional services for school buses-regular increased from the original budget by approximately \$272,000 or 100% as a result of the purchase of buses during the 2016-2017 school year to bring routes in house rather than contract out for the services.
- The modified budget for facilities acquisition and construction services for construction services increased by approximately \$285,000 or 100% as a result of the capital reserve withdrawal used to fund capital projects ongoing.

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 \$778,062 or 63% as a result of the fact that the final award amount is calculated by the State of New Jersey and is not required to be budgeted for.

Expenditures

- The actual amounts expended for undistributed expenditures-child study team for purchased professional educational services were less than the final budget by approximately \$177,000 or 22% as a result of the District transferring \$299,000 in anticipation of services and then canceling \$155,000 of purchase orders due to no longer being needed.
- The actual amounts expended for undistributed expenditures-required maintenance for school facilities for cleaning, repair and maintenance services were less than the final budget by approximately \$241,000 or 45% as a result of approximately \$174,000 in encumbrances due to timing.
- The actual amounts expended for unallocated benefits for health benefits were less than the final budget by approximately \$235,000 or 2% as a result of the District over budgeting instead of using the prior year actual as the current year budgeted amount.

Capital Assets

At the end of the fiscal years ended June 30, 2017 and 2016, the District had \$86,813,147 and \$88,656,862, respectively, net invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment and vehicles, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land	\$ 195,190	\$ 195,190		
Construction in progress	74,261	176,708		
Building and building improvements	84,385,004	86,062,833		
Machinery and equipment	2,008,389	2,050,921	\$ 150,303	\$ 171,210
Total	<u>\$ 86,662,844</u>	<u>\$ 88,485,652</u>	<u>\$ 150,303</u>	<u>\$ 171,210</u>

The decrease in capital assets, net is due to capital asset additions being less than depreciation expense during the 2016-17 year. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long-Term Liabilities

At June 30, 2017, the District had \$73,915,482 of outstanding long-term liabilities. Of this amount, \$40,347,557 is for the net pension liability, \$5,524,507 is for compensated absences; \$27,000,000 of serial bonds for school construction; and \$1,043,518 is for the unamortized premium on bonds. The District paid \$4,635,000 of the principal balance of outstanding bonds during the 2016-17 fiscal year and no additional bonds were issued. The legal debt margin at June 30, 2017 is \$280,724,150.

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 \$3,601,453 of its 2017 fund balance to partially fund 2017-2018 operations, an increase of \$1,059,556 from the prior year.
- The 2017-2018 tax levy was increased in accordance with state regulations.

All of the above factors were considered in preparing the District's 2017-18 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, 2017.

Princeton Public Schools

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 6,181,257	\$ 354,807	\$ 6,536,064
Accounts receivable	2,518,598	24,889	2,543,487
Internal balances	13,647	(13,647)	-
Inventories		16,765	16,765
Restricted assets:			
Cash and cash equivalents	2,274,167		2,274,167
Capital assets, non-depreciable	269,451		269,451
Capital assets, depreciable, net	86,393,393	150,303	86,543,696
Total assets	<u>97,650,513</u>	<u>533,117</u>	<u>98,183,630</u>
Deferred Outflows of Resources			
Deferred loss on defeasance of debt	888,456		888,456
Pension deferrals	15,103,510		15,103,510
Total deferred outflows of resources	<u>15,991,966</u>		<u>15,991,966</u>
Total assets and deferred outflows of resources	<u>113,642,479</u>	<u>533,117</u>	<u>114,175,596</u>
Liabilities			
Accounts payable	2,068,167	16,972	2,085,139
Accrued interest payable	400,688		400,688
Intergovernmental payables:			
State	88,414		88,414
Unearned revenue	58,585	57,847	116,432
Other liabilities	16,420		16,420
Net pension liability	40,347,557		40,347,557
Current portion of long-term obligations	5,214,369		5,214,369
Noncurrent portion of long-term obligations	28,353,656		28,353,656
Total liabilities	<u>76,547,856</u>	<u>74,819</u>	<u>76,622,675</u>
Net position			
Net investment in capital assets	59,712,054	150,303	59,862,357
Restricted for:			
Capital reserve	2,274,167		2,274,167
Capital projects	1,155,824		1,155,824
Excess Surplus-current year	193,609		193,609
Excess Surplus-prior year	711,742		711,742
Unrestricted (deficit)	<u>(26,952,773)</u>	<u>307,995</u>	<u>(26,644,778)</u>
Total net position	<u>\$ 37,094,623</u>	<u>\$ 458,298</u>	<u>\$ 37,552,921</u>

See accompanying notes to the basic financial statements.

Princeton Public Schools

Statement of Activities

Year ended June 30, 2017

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	
Governmental activities							
Instruction	\$ 66,875,881	\$ 5,150,332	\$ 1,530,226	\$ 274,997	\$ (59,920,326)		\$ (59,920,326)
Support services:							
Attendance/social work	457,074			1,743	(455,331)		(455,331)
Health services	1,486,377			5,825	(1,480,552)		(1,480,552)
Other support services	12,087,016		906,456	51,152	(11,129,408)		(11,129,408)
Improvement of instruction	398,589			1,629	(396,960)		(396,960)
Other support: instructional staff	2,471,468			9,074	(2,462,394)		(2,462,394)
School library	3,026,047			13,513	(3,012,534)		(3,012,534)
General administration	1,354,304			6,669	(1,347,635)		(1,347,635)
School administration	4,926,312			19,425	(4,906,887)		(4,906,887)
Central services	2,059,619			8,482	(2,051,137)		(2,051,137)
Admin info technology	191,128			727	(190,401)		(190,401)
Required maintenance of plant services	1,755,275			8,730	(1,746,545)		(1,746,545)
Operation of plant	7,322,755			35,900	(7,286,855)		(7,286,855)
Student transportation	3,794,242	170,061		21,102	(3,603,079)		(3,603,079)
Charter schools	4,745,777				(4,745,777)		(4,745,777)
Interest on long-term debt	1,241,805				(1,241,805)		(1,241,805)
Total governmental activities	114,193,669	5,320,393	2,436,682	458,968	(105,977,626)		(105,977,626)
Business-type activities							
Food service	1,029,485	754,998	312,002			\$ 37,515	37,515
Total business-type activities	1,029,485	754,998	312,002			37,515	37,515
Total primary government	\$ 115,223,154	\$ 6,075,391	\$ 2,748,684	\$ 458,968	(105,977,626)	37,515	(105,940,111)
General revenues:							
Property taxes, levied for general purposes					70,148,719		70,148,719
Property taxes, levied for debt service					5,447,926		5,447,926
Federal and state sources					28,887,329		28,887,329
Investment earnings					83,404	1,731	85,135
Miscellaneous income					457,106		457,106
Total general revenues					105,024,484	1,731	105,026,215
Change in net position					(953,142)	39,246	(913,896)
Net position—beginning					38,047,765	419,052	38,466,817
Net position—ending					\$ 37,094,623	\$ 458,298	\$ 37,552,921

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Princeton Public Schools
Governmental Funds

Balance Sheet

June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 4,803,150	\$ 176,917	\$ 1,201,190		\$ 6,181,257
Accounts receivable:					
State	1,522,307	2,239	480,717		2,005,263
Federal		143,598			143,598
Local	170,061	1,655			171,716
Interfund	257,505			\$ 239,972	497,477
Other	73,021				73,021
Restricted cash and cash equivalents	2,274,167				2,274,167
Total assets	<u>\$ 9,100,211</u>	<u>\$ 324,409</u>	<u>\$ 1,681,907</u>	<u>\$ 239,972</u>	<u>\$ 11,346,499</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 598,422	\$ 181,540	\$ 77,953		\$ 857,915
Intergovernmental payables:					
State		88,414			88,414
Interfunds payable			243,858	\$ 239,972	483,830
Unearned revenue		58,585			58,585
Other liabilities	15,600	820			16,420
Total liabilities	<u>614,022</u>	<u>329,359</u>	<u>321,811</u>	<u>239,972</u>	<u>1,505,164</u>
Fund balances:					
Restricted for:					
Capital reserve	2,274,167				2,274,167
Capital projects			1,360,096		1,360,096
Excess surplus-current year	193,609				193,609
Excess surplus-prior year	711,742				711,742
Assigned to:					
Designated for subsequent year expenditures	2,888,589				2,888,589
Designated for subsequent year expenditures - ARRA SEMI	1,122				1,122
Other purposes	257,362				257,362
Unassigned (deficit)	2,159,598	(4,950)			2,154,648
Total fund balances	<u>8,486,189</u>	<u>(4,950)</u>	<u>1,360,096</u>	<u>-</u>	<u>9,841,335</u>
Total liabilities and fund balances	<u>\$ 9,100,211</u>	<u>\$ 324,409</u>	<u>\$ 1,681,907</u>	<u>\$ 239,972</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 \$127,840,243 and the accumulated depreciation is \$41,177,399. (See Note 4)	86,662,844
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.	(400,688)
Long-term liabilities, including bonds payable and compensated absences are not due in the current period and therefore are not liabilities in the funds.	(33,568,025)
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.	888,456
Legal settlement is a receivable in the statement of activities, but not reported in the funds.	125,000
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	15,103,510
Accrued pension contributions for the June 30, 2017 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.	(40,347,557)
Net position of governmental activities	<u>\$ 37,094,623</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, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 70,148,719			\$ 5,447,926	\$ 75,596,645
Tuition	5,150,332				5,150,332
Interest on investments	72,275		\$ 11,129		83,404
Transportation-hazardous routes	170,061				170,061
Miscellaneous	457,106	\$ 47,587			504,693
Total local sources	75,998,493	47,587	11,129	5,447,926	81,505,135
State sources	13,617,048	806,078	458,968		14,882,094
Federal sources	3,730	1,583,017			1,586,747
Total revenues	89,619,271	2,436,682	470,097	5,447,926	97,973,976
Expenditures:					
Current:					
Instruction	34,041,310				34,041,310
Support services:					
Instruction	2,594,751	1,530,226			4,124,977
Attendance/social work	241,931				241,931
Health services	808,401				808,401
Support services	6,192,862	906,456			7,099,318
Improvement of instruction	226,120				226,120
Other support: instructional staff	1,259,391				1,259,391
School library	1,875,472				1,875,472
General administration	925,642				925,642
School administration	2,695,930				2,695,930
Central services	1,177,230				1,177,230
Administration information technology	100,957				100,957
Required maintenance of plant services	1,211,611				1,211,611
Operation of plant-custodial services	4,391,677				4,391,677
Care & upkeep of grounds	434,988				434,988
Security	155,794				155,794
Student transportation	2,928,654				2,928,654
Employee benefits	13,848,964				13,848,964
On-behalf pension contributions	6,428,046				6,428,046
On-behalf TPAF social security contributions	2,419,735				2,419,735
Contribution to charter schools - current	4,745,777				4,745,777
Capital outlay			1,322,626		1,322,626
Debt Service:					
Principal	239,765			4,635,000	4,874,765
Interest				1,079,600	1,079,600
Total expenditures	88,945,008	2,436,682	1,322,626	5,714,600	98,418,916
Excess (Deficiency) of revenues over (under) expenditures	674,263	-	(852,529)	(266,674)	(444,940)
Other financing sources (uses):					
Transfers in	3,886			239,972	243,858
Transfers out			(243,858)		(243,858)
Total other financing sources (uses)	3,886		(243,858)	239,972	-
Change in fund balances before special item	678,149	-	(1,096,387)	(26,702)	(444,940)
Special item-legal settlement			125,000		125,000
Net change in fund balances	678,149	-	(971,387)	(26,702)	(319,940)
Fund balances (deficit), July 1	7,808,040	(4,950)	2,331,483	26,702	10,161,275
Fund balances (deficit), June 30	\$ 8,486,189	\$ (4,950)	\$ 1,360,096	\$ -	\$ 9,841,335

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, 2017

Total net change in fund balances - governmental funds (from B-2)	\$	(319,940)
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 additions in the period.		
Depreciation expense	\$ (3,596,371)	
Capital asset additions	<u>1,773,563</u>	(1,822,808)
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.		
		49,145
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.		
		4,635,000
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.		
		19,833
Legal settlement was recorded as revenue in the statement of activities in the prior year, but not reported in the governmental funds until collected. The amount presented is the current year collections of legal settlement receivable.		
		(125,000)
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		(3,417,786)
Change in net position of governmental activities (A-2)	\$	<u>(953,142)</u>

See accompanying notes to the basic financial statements.

Enterprise Fund

Princeton Public Schools
Enterprise Fund

Statement of Net Position

June 30, 2017

	Major Fund
	Food
	Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 354,807
Accounts receivable:	
State	592
Federal	19,757
Other	4,540
Inventories	16,765
Total current assets	396,461
Non-current assets:	
Capital assets:	
Equipment	871,278
Accumulated depreciation	(720,975)
Total capital assets, net	150,303
Total assets	546,764
Liabilities	
Current liabilities:	
Accounts payable	16,972
Unearned revenue	57,847
Interfund payable	13,647
Total current liabilities	88,466
Net position	
Net investment in capital assets	150,303
Unrestricted	307,995
Total net position	\$ 458,298

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, 2017

	Major Fund
	Food
	Service
Operating revenues:	
Local sources:	
Daily food sales-reimbursable programs	\$ 333,809
Daily food sales-non-reimbursable programs	351,284
Special event income	27,933
Miscellaneous income	41,972
Total operating revenues	754,998
Operating expenses:	
Salaries	418,490
Employee benefits	53,536
Other purchased services	31,191
Supplies and materials	39,040
Depreciation	41,207
Cost of sales- non-program revenues	133,488
Cost of sales- program revenues	241,731
Management and administrative fees	63,413
Miscellaneous	7,389
Total operating expenses	1,029,485
Operating loss	(274,487)
Nonoperating revenues:	
State sources:	
State school lunch program	7,265
Federal sources:	
National school breakfast program	30,122
National school lunch program	217,999
Food donation program	56,616
Interest	1,731
Total nonoperating revenues	313,733
Change in net position	39,246
Total net position-beginning	419,052
Total net position-ending	\$ 458,298

See accompanying notes to the basic financial statements.

Princeton Public Schools
Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2017

	Major Fund
	Food Service
Cash flows from operating activities	
Receipts from customers	\$ 763,628
Payments to employees	(418,490)
Payments for employee benefits	(53,536)
Payments to suppliers	(495,084)
Net cash used in operating activities	(203,482)
Cash flows from noncapital financing activities	
Cash received from state and federal reimbursements	253,071
Receipts from food donation program	56,711
Net cash provided by noncapital financing activities	309,782
Cash flows from capital and related financing activities	
Acquisition of capital assets	(20,300)
Net cash used in capital and related financing activities	(20,300)
Cash flows from investing activities	
Interest received	1,731
Net cash provided by investing activities	1,731
Net increase in cash and cash equivalents	87,731
Cash and cash equivalents, beginning of year	267,076
Cash and cash equivalents, end of year	\$ 354,807
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (274,487)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	41,207
Change in assets and liabilities:	
Increase in accounts receivable	(1,965)
Increase in inventory	(2,203)
Increase in accounts payable	9,724
Increase in interfund payable	13,647
Increase in unearned revenue	10,595
Net cash used in operating activities	\$ (203,482)

Noncash noncapital financing activities:

The District received \$56,711 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2017.

See accompanying notes to the basic financial statements.

Fiduciary Funds

Princeton Public Schools
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2017

	Private- Purpose Scholarship Funds	Unemployment Compensation Trust	Agency Funds
Assets			
Cash and cash equivalents	\$ 20,550	\$ 510,669	\$ 1,319,333
Total assets	20,550	510,669	\$ 1,319,333
Liabilities			
Accounts payable		13,943	
Payroll deductions and withholdings payable			\$ 500,900
Summer savings payable			334,000
Due to student groups			484,433
Total liabilities		13,943	\$ 1,319,333
Net Position			
Held in trust for scholarships	\$ 20,550		
Held in trust for unemployment claims and other purposes		\$ 496,726	

See accompanying notes to the basic financial statements.

Princeton Public Schools
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	Private- Purpose Scholarship Fund	Unemployment Compensation Trust
Additions		
Contributions:		
Plan member contributions		\$ 72,401
Total contributions		72,401
Investment earnings:		
Interest	\$ 142	2,910
Total additions	142	75,311
Deductions		
Unemployment benefit payments		105,340
Scholarship payments	5,000	
Total deductions	5,000	105,340
Change in net position	(4,858)	(30,029)
Net position-beginning	25,408	526,755
Net position-ending	\$ 20,550	\$ 496,726

See accompanying notes to the basic financial statements.

Princeton Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

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 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, 2017

1. Summary of Significant Accounting Policies (continued)

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, 2017

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 all 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 aid 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, 2017

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, 2017

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.

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

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.

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 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, 2017

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.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial 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 the 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, 2017, the unused Food Donation Program commodities of \$1,980 are reported as unearned revenue in the Enterprise Fund.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include land, construction in progress, land improvements, 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 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, 2017, the amount earned by these employees but not disbursed was \$334,000 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 periods and so will not be recognized as an outflow of resources (expense / expenditure) until then. Currently, the District has two items that qualify for reporting in this category, including

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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 does not have any items that qualify for reporting in this category.

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 \$5,524,507 at June 30, 2017. 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, 2017, the District has recorded an unamortized balance of \$888,456 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2017 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, 2017

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, 2017

1. Summary of Significant Accounting Policies (continued)

used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

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

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

Of the \$8,486,189 of fund balance in the General Fund, \$2,274,167 has been restricted in the capital reserve account, \$193,609 has been restricted for excess surplus-current year, \$711,742 of prior year excess surplus has been restricted for subsequent year's expenditures, \$257,362 of encumbrances is assigned to other purposes, \$2,888,589 has been classified as assigned fund balance designated for subsequent year's expenditures, \$1,122 is designated for subsequent year – ARRA SEMI, and \$2,159,598 is unassigned. The Capital Projects Fund fund balance is \$1,360,096, which is restricted for capital projects.

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 2017 fiscal year in the amount of \$193,609, which will be designated and appropriated in the 2018-19 budget.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

1. Summary of Significant Accounting Policies (continued)

Q. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows 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 \$15,266,551 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, 2017

1. Summary of Significant Accounting Policies (continued)

T. GASB Pronouncements

Recently Issued and Adopted Accounting Principles

The GASB issued Statement No. 77, *Tax Abatement Disclosures* in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. As the District is not a taxing government, the Statement did not result in a change in the District's assets, revenues or fund balance. However, certain required disclosures were included in Note 19.

Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and 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 requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. Management has not yet determined the impact of the Statement on the financial statements.

U. Subsequent events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and October 18, 2017, 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.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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 \$33,568,025 difference are as follows:

Bonds payable	\$	27,000,000
Unamortized premium on bonds		1,043,518
Compensated absences		<u>5,524,507</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u><u>33,568,025</u></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. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

Deposits

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

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

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

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk.

At June 30, 2017, the District's carrying value of its deposits was \$10,660,782 and the bank balance was \$12,063,436. Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2017 were secured by federal depository insurance and \$10,909,929 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$903,508 held in the District's agency accounts are not covered by GUDPA.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

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.

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, 2017, the District had no investments.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

3. Deposits and Investments (continued)

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, 2017.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2017:

	Beginning Balance	Increases	Reclasses	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 195,190			\$ 195,190
Construction in progress	176,708	\$ 70,245	\$(172,692)	74,261
Total capital assets, not being depreciated	371,898	70,245	(172,692)	269,451
Capital assets, being depreciated				
Land improvements	596,300			596,300
Buildings and building improvements	118,401,947	1,305,401	99,995	119,807,343
Machinery, equipment, and vehicles	6,696,535	397,917	72,697	7,167,149
Total capital assets being depreciated	125,694,782	1,703,318	172,692	127,570,792
Less accumulated depreciation for:				
Land improvements	596,300			596,300
Buildings and building improvements	32,339,114	3,083,225		35,422,339
Machinery, equipment, and vehicles	4,645,614	513,146		5,158,760
Total accumulated depreciation	37,581,028	3,596,371		41,177,399
Total capital assets being depreciated, net	88,113,754	(1,893,053)	172,692	86,393,393
Governmental activities capital assets, net	\$ 88,485,652	\$(1,822,808)	\$ -	\$86,662,844

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

4. Capital Assets (continued)

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

Instruction	\$ 2,154,811
Attendance/social work	13,659
Health services	45,641
Other support services	400,817
Improvement of instruction	12,766
Other support – instructional staff	71,103
School library	105,886
General administration	52,260
School administration	152,208
Central services	66,465
Information technology	5,700
Required maintenance of plant services	68,406
Operation of plant	281,302
Student transportation	165,347
	<u>\$ 3,596,371</u>

The following is a summary of business-type activities changes in capital assets for the year ended June 30, 2017.

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 850,978	\$ 20,300	\$ 871,278
Less accumulated depreciation for:			
Equipment	679,768	41,207	720,975
Total business-type activities capital assets, net	<u>\$ 171,210</u>	<u>\$ (20,907)</u>	<u>\$ 150,303</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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, 2017 are comprised of the following issues:

\$40,165,000, 2009 refunding bonds, due in annual installments ranging from \$3,690,000 to \$4,360,000 through February 1, 2022 at interest rates ranging from 4.00% to 4.75%. These bonds were issued to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2017, \$20,090,000 of this debt remains outstanding.

\$10,980,000, 2013 school improvement bonds, due in annual installments ranging from \$1,080,000 to \$1,225,000 through February 1, 2023 at interest rates ranging from 1.25% to 2.00%. These bonds were issued to finance the school facilities project approved in September 2012. As of June 30, 2017, \$6,910,000 of this debt remains outstanding.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
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	5,555,000	252,512	5,807,512
2023	1,225,000	24,500	1,249,500
	<u>\$ 27,000,000</u>	<u>\$ 3,130,175</u>	<u>\$ 30,130,175</u>

Bonds Authorized But Not Issued

As of June 30, 2017, the District had no authorized but not issued bonds.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

5. Long-Term Liabilities (continued)

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$ 31,635,000		\$ 4,635,000	\$ 27,000,000	\$ 4,770,000
Premium on bonds	1,249,622		206,104	1,043,518	206,104
Compensated absences	5,544,340	\$ 218,863	238,696	5,524,507	238,265
Subtotal	38,428,962	218,863	5,079,800	33,568,025	5,214,369
Net pension liability	27,491,446	12,856,111		40,347,557	
Total governmental activity long-term liabilities	<u>\$ 65,920,408</u>	<u>\$ 13,074,974</u>	<u>\$ 5,079,800</u>	<u>\$ 73,915,482</u>	<u>\$ 5,214,369</u>

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, 2017

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 1/55th 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 1/60th 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 1/55th 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 1/60th 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, 2017

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 through July 2018 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 noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2017, the State of New Jersey contributed \$6,428,046 to the TPAF for post-retirement medical benefits, disability insurance 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 \$2,419,735 during the year ended June 30, 2017 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, 2017, 2016 and 2015 were \$1,210,252, \$1,052,890, and \$989,595, 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, 2017

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, 2017, the District reported a liability of \$40,347,557 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2015, which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.1362304658 percent, which was an increase of 0.0137632039 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized full accrual pension expense of \$4,628,038 in the government-wide financial statements. At June 30, 2017, the District reported deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 750,342
Changes of assumptions	8,357,859
Net difference between projected and actual earnings on pension plan investments	1,538,489
Changes in proportion and differences between District contributions and proportionate share of contribution	3,246,568
District contributions subsequent to the measurement date	1,210,252
	<u>\$ 15,103,510</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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:	
2018	\$ 3,172,878
2019	3,172,881
2020	3,507,721
2021	2,977,721
2022	1,062,057
	<u>\$ 13,893,258</u>

Additional Information

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases	
through 2026	1.65 - 4.15%
	based on age
Thereafter	2.65 - 5.15%
	based on age
Investment rate of return	7.65%

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Mortality Rates

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

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, 2016 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
State's proportionate share of the net pension liability associated with the District	\$ 49,441,222	\$ 40,347,557	\$ 32,839,948

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 8,685,338,380
Deferred inflows of resources	\$ 870,133,595
Net pension liability	\$ 29,617,131,759
District's Proportion	0.1362304658%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 is \$2,830,763,540.

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, 2015 (the beginning of the measurement period ended June 30, 2016) is 5.57 years and 5.72 years for the measurement period ended June 30, 2015.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

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, 2016 was \$249,808,990. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3175550101 percent, which was a decrease of 0.0019318683 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$18,769,670 for contributions incurred by the State.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

Actuarial assumptions

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

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Mortality Rates

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.19%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

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 or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's proportionate share of the net pension liability associated with the District	\$ 298,327,760	\$ 249,808,990	\$ 210,187,153

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 17,440,003,201
Deferred inflows of resources	\$ 195,027,919
Net pension liability	\$ 78,666,367,052

State's proportionate share associated with the District	0.3175550101%
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Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2016 is \$5,915,082,656.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

6. Pension Plans (continued)

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, 2015 (the beginning of the measurement period ended June 30, 2016) is 8.3 years.

7. Post-Retirement Benefits

Plan Description

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the state contributed \$1.37 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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

7. Post-Retirement Benefits (continued)

\$321.1 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016. 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, 2017, 2016 and 2015 were \$2,918,896, \$3,027,379, and \$2,742,031, 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.

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.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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.

10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2017 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 257,505	
Capital Projects Fund		\$ 243,858
Debt Service Fund	239,972	239,972
Food Service Enterprise Fund		13,647
	<u>\$ 497,477</u>	<u>\$ 497,477</u>

The interfunds between the capital projects fund, 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 and completed capital projects transferred back to the original funding sources. The interfund between the food service enterprise fund and the general fund relates to the covering of repairs to food service equipment by the general fund. 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.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

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, 2017 may be impaired. In addition, the District received funding from the New Jersey Schools Development Authority (NJSDA), in connection with certain approved projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the 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.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

13. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance July 1, 2016	\$ 2,222,937
Withdrawals:	
Capital Outlay – Budgeted Withdrawal	(370,000)
Deposits:	
Unspent capital outlay funds not utilized in 2016-17	35,483
Interest earned on capital reserve funds	37,747
Deposit into Capital Reserve (June 2017 Board Resolution)	348,000
Ending balance, June 30, 2017	<u>\$ 2,274,167</u>

Of the balance of \$2,274,167 at June 30, 2017, \$1,000,000 has been appropriated in the 2017-18 approved budget. The balance in the capital reserve does not exceed the LRFP balance of local support costs of uncompleted capital projects at June 30, 2017.

14. Deficit Fund Balances

The District has a deficit fund balance of \$4,950 in the Special Revenue Fund as of June 30, 2017 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 2017 fiscal year:

	Transfers In	Transfers Out
General Fund	\$ 3,886	
Capital Projects Fund		\$ 243,858
Debt Service Fund	239,972	
Food Service Enterprise Fund		13,647
	<u>\$ 257,505</u>	<u>\$ 257,505</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

15. Transfers (continued)

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 \$3,886. \$239,972 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 \$13,647 transferred in the general fund from the food service enterprise fund is related to the repairs for food service equipment paid by the general fund. The District is not permitted to spend the interest earned on capital projects, but the District may use the interest to pay down the debt or use for general fund purposes.

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, 2017. These encumbrances, in the amount of \$257,362 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 \$59,712,054 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 86,662,844
Bonds payable (used to build or acquire capital assets)	(26,795,728)
Deferred loss on defeasance of debt	888,456
Unamortized deferred premium	<u>(1,043,518)</u>
Total net investment in capital assets	<u>\$ 59,712,054</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2017

19. Tax Abatements

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

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

The Municipality of Princeton provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Municipality of Princeton are for affordable housing projects and other permitted purposes. Taxes abated include municipal, local school and county taxes.

The Municipality of Princeton recognized revenue of \$1,454,581 from the annual service charge in lieu of payment of taxes in 2016 and taxes in 2016 that otherwise would have been due on these long-term tax exemptions amounted to \$5,863,900, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$4,409,319 abatement would have been allocated to the District.

20. Legal Settlement-Special Item

The District received a legal settlement during the current fiscal year in the amount of \$125,000, which has been recorded as a special item in the capital projects fund.

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	N/A	N/A	0.1131855499%	0.1200403097%	0.1224672619%	0.1362304658%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	\$ 21,632,007	\$ 22,474,829	\$ 27,491,446	\$ 40,347,557
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
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	272.88%	272.77%	300.19%	455.13%
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	48.72%	52.08%	47.93%	40.14%

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.
 The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contractually required contribution	\$ 421,582	\$ 712,982	\$ 954,454	\$ 996,498	\$ 858,227	\$ 852,830	\$ 989,595	\$ 1,052,890	\$ 1,210,252	\$ 1,210,252
Contributions in relation to the contractually required contribution	(421,582)	(712,982)	(954,454)	(996,498)	(858,227)	(852,830)	(989,595)	(1,052,890)	(1,210,252)	(1,210,252)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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	\$ 9,192,234
Contributions as a percentage of covered-employee payroll	5.52%	8.56%	11.47%	13.09%	11.36%	10.76%	12.01%	11.50%	13.65%	13.17%

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	2017
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3126860786%	0.3194868784%	0.3175550101%
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	\$ 249,808,990
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 167,120,532</u>	<u>\$ 201,929,350</u>	<u>\$ 249,808,990</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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.

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016.

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, 2017**

	<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>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 70,148,719		\$ 70,148,719	\$ 70,148,719	
Tuition	5,144,980		5,144,980	5,150,332	\$ 5,352
Hazardous Routes	175,729		175,729	170,061	(5,668)
Interest Earned on Investments	78,702		78,702	72,275	(6,427)
Miscellaneous	344,500		344,500	457,106	112,606
Total - Local Sources	<u>75,892,630</u>		<u>75,892,630</u>	<u>75,998,493</u>	<u>105,863</u>
State Sources:					
Categorical Special Education Aid	2,140,906		2,140,906	2,140,906	
Transportation Aid	845,567		845,567	845,567	
Security Aid	300,916		300,916	300,916	
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	
Aid for Adult & Post-Grad Programs	35,810		35,810	35,810	
Non-Public Transportation Aid				44,892	44,892
Extraordinary Aid	460,000		460,000	1,238,062	778,062
TPAF Pension (On-Behalf - Non-Budgeted)				3,503,119	3,503,119
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				2,918,896	2,918,896
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				6,031	6,031
TPAF Social Security (Reimbursed - Non-Budgeted)				2,419,735	2,419,735
Total State Sources	<u>3,958,845</u>		<u>3,958,845</u>	<u>13,629,580</u>	<u>9,670,735</u>
Federal Sources:					
Medical Assistance Program	38,427		38,427	3,730	(34,697)
Total - Federal Sources	<u>38,427</u>		<u>38,427</u>	<u>3,730</u>	<u>(34,697)</u>
Total Revenues	<u>79,889,902</u>		<u>79,889,902</u>	<u>89,631,803</u>	<u>9,741,901</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	109,620	\$ 2,208	111,828	111,828	
Kindergarten - Salaries of Teachers	835,004	116,309	951,313	951,310	3
Grades 1-5 - Salaries of Teachers	7,171,984	(89,361)	7,082,623	7,042,009	40,614
Grades 6-8 - Salaries of Teachers	3,816,054	64,473	3,880,527	3,880,523	4
Grades 9-12 - Salaries of Teachers	8,989,512	(28,803)	8,960,709	8,949,772	10,937
Regular Programs - Home Instruction					
Salaries of Teachers	45,000		45,000	30,915	14,085
Purchased Professional-Educational Services	45,000		45,000	32,126	12,874
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	1,099,499	(320,551)	778,948	756,060	22,888
Purchased Professional-Educational Services	210,262	(200)	210,062	163,862	46,200
Purchased Technical Services		8,900	8,900	8,900	
Other Purchased Services	314,288	(33,686)	280,602	230,677	49,925
General Supplies	1,217,934	33,307	1,251,241	1,196,360	54,881
Textbooks	222,714	(80,863)	141,851	122,547	19,304
Other Objects	143,478	46,762	190,240	171,142	19,098
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>24,220,349</u>	<u>(281,505)</u>	<u>23,938,844</u>	<u>23,648,031</u>	<u>290,813</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	237,728	48,325	286,053	280,315	5,738
Other Salaries for Instruction	131,390	(20,185)	111,205	109,412	1,793
General Supplies	1,475	(686)	789	789	
Other Objects	875	(750)	125		125
Total Learning and/or Language Disabilities	<u>371,468</u>	<u>26,704</u>	<u>398,172</u>	<u>390,516</u>	<u>7,656</u>
Behavioral Disabilities					
Salaries of Teachers	54,999		54,999	54,999	
Total Behavioral Disabilities	<u>54,999</u>		<u>54,999</u>	<u>54,999</u>	

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2017

	<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>
Resource Room/Resource Center					
Salaries of Teachers	\$ 3,167,655	\$ 97,724	\$ 3,265,379	\$ 3,247,944	\$ 17,435
Other Salaries for Instruction	1,288,473	136,557	1,425,030	1,381,714	43,316
General Supplies	38,250	(19,497)	18,753	17,272	1,481
Textbooks	1,000	(987)	13		13
Total Resource Room/Resource Center	<u>4,495,378</u>	<u>213,797</u>	<u>4,709,175</u>	<u>4,646,930</u>	<u>62,245</u>
Autism:					
Salaries of Teachers	538,762	(9,817)	528,945	522,201	6,744
Other Salaries for Instruction	742,102	30,132	772,234	770,712	1,522
General Supplies	9,652	(2,542)	7,110	3,828	3,282
Other Objects	2,875	(1,014)	1,861	1,127	734
Total Autism	<u>1,293,391</u>	<u>16,759</u>	<u>1,310,150</u>	<u>1,297,868</u>	<u>12,282</u>
Preschool Disabilities - Part-Time					
General Supplies		1,014	1,014	1,014	
Total Preschool Disabilities - Part-Time		<u>1,014</u>	<u>1,014</u>	<u>1,014</u>	
Preschool Disabilities - Full-Time					
Salaries of Teachers	302,388	1,406	303,794	303,793	1
Other Salaries for Instruction	207,050	18,955	226,005	226,005	
General Supplies	5,900	(5,900)			
Total Preschool Disabilities - Full-Time	<u>515,338</u>	<u>14,461</u>	<u>529,799</u>	<u>529,798</u>	<u>1</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>6,730,574</u>	<u>272,735</u>	<u>7,003,309</u>	<u>6,921,125</u>	<u>82,184</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,148,677	26,962	1,175,639	1,175,195	444
Other Salaries for Instruction	80,828	7,260	88,088	72,570	15,518
Total Basic Skills/Remedial - Instruction	<u>1,229,505</u>	<u>34,222</u>	<u>1,263,727</u>	<u>1,247,765</u>	<u>15,962</u>
Bilingual Education - Instruction					
Salaries of Teachers	779,348	(66,512)	712,836	712,836	
Other Salaries for Instruction	130,362	(11,000)	119,362	119,361	1
General Supplies	1,441	(600)	841	688	153
Textbooks	1,190		1,190	1,187	3
Total Bilingual Education - Instruction	<u>912,341</u>	<u>(78,112)</u>	<u>834,229</u>	<u>834,072</u>	<u>157</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	264,356		264,356	249,432	14,924
Purchased Services	5,000		5,000	5,000	
Supplies and Materials	9,217		9,217	6,655	2,562
Other Objects	5,940	41	5,981	5,843	138
Total School-Spon. Cocurricular Actvts. - Inst.	<u>284,513</u>	<u>41</u>	<u>284,554</u>	<u>266,930</u>	<u>17,624</u>
School-Spon. Athletics					
Salaries	908,867	(59,092)	849,775	797,018	52,757
Purchased Services	126,211	971	127,182	104,637	22,545
Supplies and Materials	82,466	6,313	88,779	86,324	2,455
Other Objects	24,855	(1,332)	23,523	19,156	4,367
Total School-Spon. Athletics	<u>1,142,399</u>	<u>(53,140)</u>	<u>1,089,259</u>	<u>1,007,135</u>	<u>82,124</u>
Behavioral Disabilities					
Salaries of Reading Specialists	73,645		73,645	73,645	
Total Behavioral Disabilities	<u>73,645</u>		<u>73,645</u>	<u>73,645</u>	
TOTAL INSTRUCTION	<u>34,593,326</u>	<u>(105,759)</u>	<u>34,487,567</u>	<u>33,998,703</u>	<u>488,864</u>

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2017

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
Undistributed Expenditures - Instruction					
Tuition to County Voc. School Dist. - Regular	\$ 201,520	\$ (83,020)	\$ 118,500	\$ 104,490	\$ 14,010
Tuition to CSSD & Regional Day Schools	950,000	(185,807)	764,193	677,902	86,291
Tuition to Private Schools for the Disabled - Within State	1,519,651	(29,841)	1,489,810	1,390,951	98,859
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	272,341		272,341	179,008	93,333
Tuition - Other	266,660	(8,000)	258,660	242,400	16,260
Total Undistributed Expenditures - Instruction	3,210,172	(306,668)	2,903,504	2,594,751	308,753
Undistributed Expend. - Attend. & Social Work					
Salaries	203,136	39,685	242,821	240,820	2,001
Other Purchased Services	1,600	(85)	1,515	1,111	404
Total Undistributed Expend. - Attend. & Social Work	204,736	39,600	244,336	241,931	2,405
Undist. Expend. - Health Services					
Salaries	682,188	75,360	757,548	756,418	1,130
Purchased Professional and Technical Services	37,000	(10,900)	26,100	23,800	2,300
Supplies and Materials	29,163	(854)	28,309	28,183	126
Total Undistributed Expenditures - Health Services	748,351	63,606	811,957	808,401	3,556
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries	1,101,596	22,131	1,123,727	1,123,692	35
Purchased Professional - Educational Services		21,900	21,900	21,900	
Supplies and Materials	18,908	(15,676)	3,232	3,157	75
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	1,120,504	28,355	1,148,859	1,148,749	110
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	103,086		103,086	103,086	
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	103,086		103,086	103,086	
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,415,698	38,658	1,454,356	1,454,039	317
Salaries of Secretarial and Clerical Assistants	225,739	(1,058)	224,681	224,678	3
Other Salaries	29,950	2,602	32,552	32,551	1
Other Purchased Services	5,375	(1,295)	4,080	3,199	881
Supplies and Materials	9,909	595	10,504	8,098	2,406
Other Objects	1,105	(400)	705	510	195
Total Undist. Expend. - Guidance	1,687,776	39,102	1,726,878	1,723,075	3,803
Undist. Expend. - Child Study Team					
Salaries of Other Professional Staff	1,885,113	35,026	1,920,139	1,910,420	9,719
Salaries of Secretarial and Clerical Assistants	161,223	1	161,224	161,224	
Other Salaries	186,287	63,769	250,056	210,183	39,873
Purchased Prof. - Educational Services	689,825	299,157	988,982	812,177	176,805
Residential Costs	132,252	(122,917)	9,335	8,961	374
Miscellaneous Purchased Services	35,397	(10,548)	24,849	21,505	3,344
Supplies and Materials	63,414	12,250	75,664	69,851	5,813
Other Objects	2,000		2,000	429	1,571
Total Undist. Expend. - Child Study Team	3,155,511	276,738	3,432,249	3,194,750	237,499
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	88,202	(1,281)	86,921	86,921	
Other Salaries	131,527	(27,125)	104,402	104,402	
Other Purchased Services	14,300	1,895	16,195	3,787	12,408
General Supplies	9,887		9,887	6,938	2,949
Other Objects	24,405		24,405	24,072	333
Total Undist. Expend. - Improvement of Inst. Serv.	268,321	(26,511)	241,810	226,120	15,690

**BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 1,354,743	\$ 7,579	\$ 1,362,322	\$ 1,362,317	\$ 5
Unused Vacation Payment to Term/Ret Staff		20,160	20,160	20,160	
Purchased Professional & Technical Services	64,000	164	64,164	63,158	1,006
Other Purchased Services	134,500	(32,658)	101,842	95,126	6,716
Supplies and Materials	331,819	8,819	340,638	334,394	6,244
Other Objects		317	317	317	
Total Undist. Expend. - Edu. Media Serv./Sch. Library	1,885,062	4,381	1,889,443	1,875,472	13,971
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	1,025,602	5,894	1,031,496	1,030,566	930
Salaries - Other Professional Staff	105,978	173	106,151	106,151	
Salaries - Secretaries and Clerical Assistants	124,033	(4,155)	119,878	119,878	
Total Undist. Expend. - Instructional Staff Training Serv.	1,255,613	1,912	1,257,525	1,256,595	930
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries - Supervisor of Instruction	427,158	29,104	456,262	455,949	313
Legal Services	176,000	30,293	206,293	184,381	21,912
Audit Fees	84,000	(4,501)	79,499	79,185	314
Other Purchased Professional Services	11,000	4,225	15,225	15,225	
Communications/Telephone	100,000	(10,272)	89,728	86,110	3,618
Board of Education Other Purchased Services	1,000	(442)	558	558	
Other Purchased Services	32,430	(1,155)	31,275	28,776	2,499
General Supplies	79,561	(34,648)	44,913	41,811	3,102
Miscellaneous Expenditures	10,000		10,000	7,542	2,458
Board of Education Dues and Fees	33,000	(6,000)	27,000	26,663	337
Total Undist. Expend. - Supp. Serv. - General Admin.	954,149	6,604	960,753	925,642	35,111
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,665,376	68,657	1,734,033	1,734,030	3
Salaries of Secretarial and Clerical Assistants	798,978	(54,737)	744,241	744,218	23
Other Salaries	6,975	3,226	10,201	8,225	1,976
Unused Vacation Payment to Term/Ret Staff		85,767	85,767	82,333	3,434
Other Purchased Services	57,734	(29,993)	27,741	25,187	2,554
Supplies and Materials	73,219	(4,259)	68,960	57,973	10,987
Other Objects	49,430	1,720	51,150	43,964	7,186
Total Undist. Expend. - Support Serv. - School Admin.	2,651,712	70,381	2,722,093	2,695,930	26,163
Undist. Expend. - Central Services					
Salaries	917,484	67,620	985,104	977,748	7,356
Unused Vacation Payment to Term/Ret Staff		1,199	1,199	1,199	
Purchased Professional Services	36,900	4,386	41,286	38,712	2,574
Purchased Technical Services	53,500	(5,153)	48,347	37,754	10,593
Miscellaneous Purchased Services	73,650	12,001	85,651	72,311	13,340
Supplies and Materials	67,490	(14,062)	53,428	34,788	18,640
Miscellaneous Expenditures	7,570	(1,400)	6,170	3,179	2,991
Total Undist. Expend. - Central Services	1,156,594	64,591	1,221,185	1,165,691	55,494
Undist. Expend. - Technology Admin.					
Salaries	100,839	118	100,957	100,957	
Total Undist. Expend. - Technology Admin.	100,839	118	100,957	100,957	
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	512,405	68,111	580,516	576,245	4,271
Cleaning, Repair and Maintenance Services	641,821	139,759	781,580	540,371	241,209
Travel	600	(456)	144	144	
General Supplies	119,091	(25,605)	93,486	86,298	7,188
Other Objects	6,500	(23)	6,477	6,427	50
Total Undist. Expend. - Required Maint. for Sch. Facil.	1,280,417	181,786	1,462,203	1,209,485	252,718

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2017

	<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>
Undist. Expend. - Custodial Services					
Salaries	\$ 2,089,441	\$ (66,208)	\$ 2,023,233	\$ 1,980,103	\$ 43,130
Salaries of Non-Instructional Aides	117,751	(3,600)	114,151	96,409	17,742
Purchased Professional - Technical Services	36,705	35,514	72,219	51,617	20,602
Cleaning, Repair and Maintenance Services	77,840	(6,737)	71,103	67,043	4,060
Other Purchased Property Services	135,000	(24,114)	110,886	110,886	
Insurance	290,748	74,039	364,787	364,366	421
General Supplies	171,428	14,115	185,543	184,405	1,138
Miscellaneous Purchased Services	600	1,077	1,677	1,677	
Natural Gas	475,000	(122,109)	352,891	340,204	12,687
Electricity	1,145,000	(95,221)	1,049,779	910,101	139,678
Energy	14,000	600	14,600	13,077	1,523
Total Undist. Expend. - Custodial Services	4,553,513	(192,644)	4,360,869	4,119,888	240,981
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	304,965	1	304,966	302,090	2,876
Cleaning, Repair and Maintenance Services	20,000	(9,457)	10,543	9,022	1,521
General Supplies	30,000	5,081	35,081	32,587	2,494
Total Undist. Expend. - Care and Upkeep of Grounds	354,965	(4,375)	350,590	343,699	6,891
Undist. Expend. - Security					
Salaries	128,934		128,934	114,495	14,439
Cleaning, Repair and Maintenance Services	7,500		7,500	6,299	1,201
General Supplies	35,000		35,000	35,000	
Total Undist. Expend. - Security	171,434		171,434	155,794	15,640
Undist. Expend. - Student Transportation Serv.					
Salaries for Non-Instructional Aids	104,263	56,159	160,422	160,050	372
Salaries for Pupil Trans. (Between Home & School) - Regular	251,887	99,788	351,675	351,674	1
Salaries for Pupil Trans. (Between Home & School) - Sp. Ed.	282,534	32,983	315,517	310,399	5,118
Salaries for Pupil Trans. Other than Between Home & School	46,200	25,285	71,485	41,541	29,944
Cleaning, Repair & Maintenance Services	92,300	25,000	117,300	106,682	10,618
Lease Purchase Payments-School Buses	10,000	(7,000)	3,000	969	2,031
Contracted Services Aid In Lieu of Payment for Non-public School Students	163,000	14,000	177,000	176,048	952
Contracted Services (Between Home and School) - Vendors	960,042	(98,913)	861,129	835,201	25,928
Contracted Services (Other than Between Home and School) - Vendors	284,630	(27,090)	257,540	196,212	61,328
Contracted Services (Sp. Ed.) - Vendors	603,928	(178,600)	425,328	331,118	94,210
Contracted Services (Sp. Ed.) - Joint Agreements	300,000	(169,417)	130,583	80,943	49,640
Miscellaneous Purchased Services - Transportation	40,000	1,128	41,128	38,456	2,672
General Supplies	114,100	(42,800)	71,300	29,102	42,198
Transportation Supplies	17,500		17,500	1,662	15,838
Miscellaneous Expenditures	7,250		7,250	2,869	4,381
Total Undist. Expend. - Student Transportation Serv.	3,277,634	(269,477)	3,008,157	2,662,926	345,231
Unallocated Benefits					
Social Security Contributions	1,120,000	131,634	1,251,634	1,185,297	66,337
Other Retirement Contributions - Regular	1,192,890	50,647	1,243,537	1,233,566	9,971
Workmen's Compensation	369,252	(38,303)	330,949	330,949	
Health Benefits	10,547,755	(296,993)	10,250,762	10,016,471	234,291
Tuition Reimbursement	95,000		95,000	59,219	35,781
Other Employee Benefits	906,000		906,000	859,874	46,126
Unused Vac. Payment to Term/Ret. Staff	100,000	69,413	169,413	163,588	5,825
Total Unallocated Benefits	14,330,897	(83,602)	14,247,295	13,848,964	398,331
On-behalf TPAF Pension Contributions (non-budgeted)				3,503,119	(3,503,119)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				2,918,896	(2,918,896)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				6,031	(6,031)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,419,735	(2,419,735)
Total On-behalf Contributions				8,847,781	(8,847,781)
TOTAL UNDISTRIBUTED EXPENDITURES	42,471,286	(106,103)	42,365,183	49,249,687	(6,884,504)
TOTAL GENERAL CURRENT EXPENSE	77,064,612	(211,862)	76,852,750	83,248,390	(6,395,640)

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs-Instruction:					
Grades 1-5	\$ 4,000		\$ 4,000	\$ 3,920	\$ 80
Grades 6-8		\$ 18,503	18,503	18,503	
Grades 9-12		7,434	7,434	7,434	
Special Education-Instruction:					
School- Spons. & Other Instruction Program		12,950	12,950	12,750	200
Undistributed Expenditures:					
Support Services - Students-Reg.	25,000	(9,516)	15,484	6,710	8,774
Support Services - Students-Spec.		16,492	16,492	16,492	
Support Services - Instructional Staff		2,796	2,796	2,796	
Central Services		11,540	11,540	11,539	1
Undistributed Exp.-Req. Maint. of School Facilities		15,626	15,626	2,126	13,500
Undistributed Exp.-Care and Upkeep of Grounds	39,500	51,790	91,290	91,289	1
Undistributed Exp.-Non-Instructional Services					
School buses-regular		272,000	272,000	265,728	6,272
Total Equipment	68,500	399,615	468,115	439,287	28,828
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	85,000		85,000	22,272	62,728
Construction Services		285,000	285,000	249,517	35,483
Other Objects - Debt Service Assessment	239,765		239,765	239,765	
Total Facilities Acquisition and Construction Services	324,765	285,000	609,765	511,554	98,211
TOTAL CAPITAL OUTLAY	393,265	684,615	1,077,880	950,841	127,039
Contribution to Charter Schools	5,050,122	(87,510)	4,962,612	4,745,777	216,835
TOTAL EXPENDITURES	82,507,999	385,243	82,893,242	88,945,008	(6,051,766)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(2,618,097)	(385,243)	(3,003,340)	686,795	3,690,135
Other Financing Sources (Uses):					
Transfer In				3,886	3,886
Transfer Out	(285,000)	285,000			
Total Other Financing Sources (Uses)	(285,000)	285,000		3,886	3,886
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	(2,903,097)	(100,243)	(3,003,340)	690,681	3,694,021
Fund Balance, July 1	8,060,809		8,060,809	8,060,809	
Fund Balance, June 30	\$ 5,157,712	\$ (100,243)	\$ 5,057,469	\$ 8,751,490	\$ 3,694,021
Recapitulation of (Deficiency) Excess of Revenues and Other Financing Sources (uses) (Under) Over Expenditures:					
Budgeted Fund Balance	\$ (2,541,897)		\$ (2,541,897)	\$ 739,694	\$ 3,281,591
Adjustment for Prior Year Encumbrances		\$ (100,243)	(100,243)	(100,243)	
(Decrease) Increase in Capital Reserve	(361,200)		(361,200)	51,230	412,430
Total	\$ (2,903,097)	\$ (100,243)	\$ (3,003,340)	\$ 690,681	\$ 3,694,021
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 711,742	
Excess Surplus-current year				193,609	
Capital Reserve				2,274,167	
Assigned to:					
Designated for Subsequent Year's Expenditures				2,888,589	
Designated for Subsequent Year's Expenditures-Assigned-SEMI ARRA				1,122	
Year End Encumbrances				257,362	
Unassigned Fund Balance				2,424,899	
				8,751,490	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Final State Aid Payments Not Realized on GAAP Basis				(265,301)	
Fund balance per Government Funds (GAAP)				\$ 8,486,189	

**Princeton Public Schools
Special Revenue Fund**

**Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 790,500	\$ 96,718	\$ 887,218	\$ 801,043	\$ (86,175)
Federal sources	1,555,000	424,434	1,979,434	1,570,572	(408,862)
Local sources		88,965	88,965	47,587	(41,378)
Total revenues	<u>2,345,500</u>	<u>610,117</u>	<u>2,955,617</u>	<u>2,419,202</u>	<u>(536,415)</u>
Expenditures					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	394,500	(79,767)	314,733	280,627	34,106
Purchased professional services	197,000	10,677	207,677	167,204	40,473
Other purchased services	1,043,329	(207,480)	835,849	768,644	67,205
General supplies		195,531	195,531	104,240	91,291
Textbooks	145,000	(438)	144,562	130,739	13,823
Other objects	67,000	1,178	68,178	66,652	1,526
Total instruction	<u>1,846,829</u>	<u>(80,299)</u>	<u>1,766,530</u>	<u>1,518,106</u>	<u>248,424</u>
Support services:					
Salaries	166,671	(84,950)	81,721	77,238	4,483
Personal services—employee benefits		41,732	41,732	38,806	2,926
Purchased professional services	260,000	536,212	796,212	574,644	221,568
Other purchased professional services		55,662	55,662	33,835	21,827
Supplies and materials		55,562	55,562	24,424	31,138
Other objects	72,000	86,198	158,198	152,149	6,049
Total support services	<u>498,671</u>	<u>690,416</u>	<u>1,189,087</u>	<u>901,096</u>	<u>287,991</u>
Total expenditures	<u>2,345,500</u>	<u>610,117</u>	<u>2,955,617</u>	<u>2,419,202</u>	<u>536,415</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, 2017

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 89,631,803	\$ 2,419,202
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		39,930
Current year		(22,450)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	252,769	4,950
Current year	(265,301)	(4,950)
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 89,619,271</u>	<u>\$ 2,436,682</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 88,945,008	\$ 2,419,202
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		39,930
Current year		(22,450)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 88,945,008</u>	<u>\$ 2,436,682</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, 2017

	Nonpublic Aid							Preschool Education Aid	Sustainable Jersey Schools Health & Wellness	Title I			
	Textbooks	Nursing	Auxiliary	Handicapped	Transportation	Security	Technology			Current	Prior Year		
Revenues:													
State sources	\$ 130,739	\$ 241,490	\$ 49,521	\$ 115,157	\$ 14,462	\$ 136,349	\$ 63,682	\$ 49,500	\$	143			
Federal sources											\$ 230,414		
Local sources											\$ 39,827		
Total revenues	<u>\$ 130,739</u>	<u>\$ 241,490</u>	<u>\$ 49,521</u>	<u>\$ 115,157</u>	<u>\$ 14,462</u>	<u>\$ 136,349</u>	<u>\$ 63,682</u>	<u>\$ 49,500</u>	<u>\$</u>	<u>143</u>	<u>\$ 230,414</u>	<u>\$ 39,827</u>	
Expenditures:													
Instruction:													
Salaries of teachers								\$ 49,500			\$ 188,263	\$ 4,208	
Purchased professional services			\$ 49,521	\$ 59,339	\$ 14,462						13,457	1,733	
Other purchased services												1,875	
General supplies											10,838	25,311	
Textbooks	\$ 130,739												
Other objects							\$ 63,682						
Total instruction	<u>130,739</u>		<u>49,521</u>	<u>59,339</u>	<u>14,462</u>		<u>63,682</u>	<u>49,500</u>			<u>212,558</u>	<u>33,127</u>	
Undistributed:													
Support services:													
Salaries													
Personal services—employee benefits											14,324	322	
Purchased professional services		\$ 241,490		55,818							3,532	1,178	
Other purchased professional services												5,080	
Supplies and materials									\$	143		120	
Other objects							\$ 136,349						
Total support services		<u>241,490</u>		<u>55,818</u>			<u>136,349</u>				<u>143</u>	<u>17,856</u>	<u>6,700</u>
Total expenditures	<u>\$ 130,739</u>	<u>\$ 241,490</u>	<u>\$ 49,521</u>	<u>\$ 115,157</u>	<u>\$ 14,462</u>	<u>\$ 136,349</u>	<u>\$ 63,682</u>	<u>\$ 49,500</u>	<u>\$</u>	<u>143</u>	<u>\$ 230,414</u>	<u>\$ 39,827</u>	

Princeton Public Schools
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2017

	Title II A		Title III		I.D.E.I.A.		PEF Grant	Sustain NJ	Other Local	Totals
	Current		Current	Immigrant	Part B Basic	Preschool				
Revenues:										
State sources										\$ 801,043
Federal sources	\$ 94,507	\$ 44,440	\$ 24,249	\$ 1,085,147	\$ 51,988					1,570,572
Local sources						\$ 13,685	\$ 11,104	\$ 12,022	\$ 10,776	47,587
Total revenues	\$ 94,507	\$ 44,440	\$ 24,249	\$ 1,085,147	\$ 51,988	\$ 13,685	\$ 11,104	\$ 12,022	\$ 10,776	\$ 2,419,202
Expenditures:										
Instruction:										
Salaries of teachers		\$ 22,978	\$ 13,360	\$ 748			\$ 1,220		\$ 350	\$ 280,627
Purchased professional services		3,900		23,392		\$ 1,400				167,204
Other purchased services				766,769						768,644
General supplies		11,636	2,480	28,805		4,086	8,723	\$ 4,824	7,537	104,240
Textbooks										130,739
Other objects		1,015	1,955							66,652
Total instruction		39,529	17,795	819,714		5,486	9,943	4,824	7,887	1,518,106
Undistributed:										
Support services:										
Salaries	\$ 416	17	134	76,671						77,238
Personal services—employee benefits	32	1,692	1,032	21,311			93			38,806
Purchased professional services	52,881	306		167,451	\$ 51,988					574,644
Other purchased professional services	14,027	2,896	5,288			5,250			1,294	33,835
Supplies and materials	15,251						117	7,198	1,595	24,424
Other objects	11,900					2,949	951			152,149
Total support services	94,507	4,911	6,454	265,433	51,988	8,199	1,161	7,198	2,889	901,096
Total expenditures	\$ 94,507	\$ 44,440	\$ 24,249	\$ 1,085,147	\$ 51,988	\$ 13,685	\$ 11,104	\$ 12,022	\$ 10,776	\$ 2,419,202

Princeton Public Schools
Special Revenue Fund

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

Year ended June 30, 2017

	<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 2016-17 Preschool Education aid allocation	\$ 49,500
Add: Actual Preschool Education Aid carryover (June 30, 2016)	-
Total funds available for 2016-17 budget	49,500
Less: 2016-17 budgeted Preschool Education aid (including prior year budgeted carryover)	49,500
Available and unbudgeted funds as of June 30, 2017	-
Add: 2016-17 unexpended Preschool Education aid	-
2016-17 carryover Preschool Education aid/ Preschool	\$ -
2016-17 Preschool Education aid carryover budgeted in 2017-18	\$ -

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, 2017

	Current Year
Revenues and other financing sources	
State sources - SDA	\$ -
Transfer from capital reserve	-
Interest	11,129
Total revenues and other financing sources	11,129
Expenditures and other financing uses	
Purchased professional and technical services	3,199
Construction services	1,194,427
Equipment	
Transfer to debt service fund	239,972
Transfer to capital reserve	3,886
Total expenditures and other financing uses	1,441,484
Deficiency of revenues under expenditures	(1,430,355)
Fund Balance, July 1	3,039,598
Fund Balance, June 30	\$ 1,609,243
 <u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund balance, budgetary basis, June 30, 2017	\$ 1,609,243
Less: Revenue not recognized on a GAAP basis	249,147
Fund balance, GAAP basis, June 30, 2017	\$ 1,360,096

Princeton Public Schools
Capital Projects Fund

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

Year ended June 30, 2017

	Prior Periods	Current Year	Special Item	Totals	Revised Authorized Cost
Revenues and other financing sources					
Bond proceeds and transfers	\$ 43,526,422			\$ 43,526,422	\$ 43,526,422
State sources - SDA	15,027,531			15,027,531	15,027,531
Contribution from private sources	500,000			500,000	500,000
Transfer from capital reserve	2,674,631			2,674,631	2,674,631
Transfer from capital outlay	104,219			104,219	104,219
Total revenues and other financing sources	61,832,803			61,832,803	61,832,803
Expenditures and other financing uses					
Purchased professional and technical services	7,971,628	\$ 3,199		7,974,827	
Construction services	49,863,719	1,319,427	\$ (125,000)	51,058,146	
Equipment	477,858			477,858	
Transfer to capital reserve					
Transfer to debt service fund	480,000	232,729		712,729	
Total expenditures and other financing uses	58,793,205	1,555,355	(125,000)	60,223,560	
Excess (deficiency) of revenues over (under) expenditures	\$ 3,039,598	\$ (1,555,355)	\$ 125,000	\$ 1,609,243	\$ 61,832,803

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, 2017

	Prior Periods	Current Year	Special Item	Totals	Revised Authorized Cost
Revenues and other financing sources					
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	49,028,144			49,028,144	49,028,144
Expenditures and other financing uses					
Purchased professional and technical services	6,610,927			6,610,927	
Construction services	40,569,527		\$ (125,000)	40,444,527	
Equipment	477,858			477,858	
Transfer to capital reserve					
Transfer to debt service fund	480,000	\$ 232,729		712,729	
Total expenditures and other financing uses	48,138,312	232,729	(125,000)	48,246,041	
Excess (deficiency) of revenues over (under) expenditures	\$ 889,832	\$ (232,729)	\$ 125,000	\$ 782,103	\$ 49,028,144
Additional project information					
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, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
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	1,349,490	\$ 2,049	1,351,539	
Construction services	9,251,032	173,157	9,424,189	
Equipment				
Transfer to capital reserve				
Total expenditures and other financing uses	<u>10,600,522</u>	<u>175,206</u>	<u>10,775,728</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 379,478</u>	<u>\$ (175,206)</u>	<u>\$ 204,272</u>	<u>\$ 10,980,000</u>
 Additional project information				
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		98.14%		
Original target completion date		Spring 2014		
Revised target completion date		December 2017		

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, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
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	\$ 383	4,126	
Construction services	11,367	316,663	328,030	
Equipment				
Transfer to capital reserve				
Total expenditures and other financing uses	<u>15,110</u>	<u>317,046</u>	<u>332,156</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 475,909</u>	<u>\$ (317,046)</u>	<u>\$ 158,863</u>	<u>\$ 491,019</u>
Additional project information				
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	67.65%			
Target completion date	December 2016			
Revised target completion date	August 2017			

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, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
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	\$ 384	4,116	
Construction services	2,912	79,688	82,600	
Equipment				
Transfer to capital reserve				
Total expenditures and other financing uses	<u>6,644</u>	<u>80,072</u>	<u>86,716</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 119,046</u>	<u>\$ (80,072)</u>	<u>\$ 38,974</u>	<u>\$ 125,690</u>
Additional project information				
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	68.99%			
Target completion date	December 2016			
Revised target completion date	August 2017			

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, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
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	\$ 383	4,119	
Construction services	28,881	749,919	778,800	
Equipment				
Transfer to capital reserve				
Total expenditures and other financing uses	<u>32,617</u>	<u>750,302</u>	<u>782,919</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,175,333</u>	<u>\$ (750,302)</u>	<u>\$ 425,031</u>	<u>\$ 1,207,950</u>
 Additional project information				
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	64.81%			
Target completion date	December 2016			
Revised target completion date	August 2017			

Princeton Public Schools
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2017

Issue/Project Title	Appropriations	Expenditures to Date		Return of Funding Sources	Special Item	Unexpended Balance
		Prior Year	Current Year			
School facility projects - referendum	\$ 49,028,144	\$ 48,138,312	\$ -	\$ 232,729	\$ 125,000	\$ 782,103
Schools and Valley Road Project	10,980,000	10,600,522	175,206			204,272
Community Park Elementary School Window Replacement	491,019	15,110	317,046			158,863
Littlebrook Elementary School Window Replacement	125,690	6,644	80,072			38,974
Princeton High School Window Replacement	1,207,950	32,617	750,302			425,031
	<u>\$ 61,832,803</u>	<u>\$ 58,793,205</u>	<u>\$ 1,322,626</u>	<u>\$ 232,729</u>	<u>\$ 125,000</u>	<u>\$ 1,609,243</u>

Components of appropriations for referendum question - school facility projects

Bonds issued	\$ 32,546,422
Fund balance utilized	104,219
State grant	14,297,667
Other local funds	500,000
Subtotal	<u>47,448,308</u>

Increased by:

Capital reserve transfer:	
Approved by statement of purpose:	<u>1,579,836</u>
	<u>\$ 49,028,144</u>

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

Bond proceeds approved by referendum	<u>\$ 10,980,000</u>
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Components of appropriations - 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, 2017

	<u>Trust</u>			<u>Agency</u>		
	<u>Private - Purpose Scholarship Funds</u>	<u>Unemployment Compensation</u>	<u>Total Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>
Assets						
Cash and cash equivalents	\$ 20,550	\$ 510,669	\$ 531,219	\$ 484,433	\$ 834,900	\$1,319,333
Total assets	<u>20,550</u>	<u>510,669</u>	<u>531,219</u>	<u>\$ 484,433</u>	<u>\$ 834,900</u>	<u>\$1,319,333</u>
Liabilities						
Accounts payable		13,943	13,943			
Payroll deductions and withholdings payable					\$ 500,900	\$ 500,900
Summer savings payable					334,000	334,000
Due to student groups				\$ 484,433		484,433
Total liabilities		<u>13,943</u>	<u>13,943</u>	<u>\$ 484,433</u>	<u>\$ 834,900</u>	<u>\$1,319,333</u>
Net Position						
Held in trust	20,550	496,726	517,276			
Total net position	<u>\$ 20,550</u>	<u>\$ 496,726</u>	<u>\$ 517,276</u>			

Princeton Public Schools
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	Private- Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust
Additions:			
Local sources:			
Plan member contributions		\$ 72,401	\$ 72,401
Interest on investments	\$ 142	2,910	3,052
Total additions	142	75,311	75,453
Deductions:			
Unemployment benefit payments		105,340	105,340
Scholarship payments	5,000		5,000
Total deductions	5,000	105,340	110,340
Change in net position	(4,858)	(30,029)	(34,887)
Net position, beginning	25,408	526,755	552,163
Net position, ending	\$ 20,550	\$ 496,726	\$ 517,276

Princeton Public Schools
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Middle school:				
John Witherspoon School	\$ 23,250	\$ 71,653	\$ 69,062	\$ 25,841
High school:				
Princeton High School	348,934	1,046,320	936,662	458,592
Total all schools	\$ 372,184	\$ 1,117,973	\$ 1,005,724	\$ 484,433

Princeton Public Schools
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Assets				
Cash and equivalents	\$ 790,156	\$ 81,032,552	\$ 80,987,808	\$ 834,900
Total assets	<u>\$ 790,156</u>	<u>\$ 81,032,552</u>	<u>\$ 80,987,808</u>	<u>\$ 834,900</u>
Liabilities				
Payroll deductions and withholdings payable	\$ 466,095	\$ 80,698,552	\$ 80,663,747	\$ 500,900
Summer savings payable	324,061	334,000	324,061	334,000
Total liabilities	<u>\$ 790,156</u>	<u>\$ 81,032,552</u>	<u>\$ 80,987,808</u>	<u>\$ 834,900</u>

Long-Term Debt

Princeton Public Schools
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Retired	Balance June 30, 2017
			Date	Amount				
Various Improvements-Refunding Bonds	8/1/09	\$ 40,165,000	2/1/2018	\$ 3,690,000	4.000%	\$ 23,670,000	\$ 3,580,000	\$ 20,090,000
			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	2/1/2018	1,080,000	1.250	7,965,000	1,055,000	6,910,000
			2/1/2019	1,110,000	1.250			
			2/1/2020	1,135,000	1.250			
			2/1/2021	1,165,000	1.500			
			2/1/2022	1,195,000	1.750			
			2/1/2023	1,225,000	2.000			
						<u>\$ 31,635,000</u>	<u>\$ 4,635,000</u>	<u>\$ 27,000,000</u>

Princeton Public Schools
Debt Service Fund
Budgetary Comparison Schedule
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 5,447,926		\$ 5,447,926	\$ 5,447,926	
Total revenues	<u>5,447,926</u>		<u>5,447,926</u>	<u>5,447,926</u>	
Expenditures:					
Principal on bonds	4,635,000		4,635,000	4,635,000	
Interest on bonds	1,079,600		1,079,600	1,079,600	
Total expenditures	<u>5,714,600</u>		<u>5,714,600</u>	<u>5,714,600</u>	
Deficiency of revenues under expenditures	(266,674)		(266,674)	(266,674)	
Other financing sources:					
Transfers in	239,972		239,972	239,972	
Total other financing sources	<u>239,972</u>		<u>239,972</u>	<u>239,972</u>	-
Net change in fund balance	(26,702)	-	(26,702)	(26,702)	-
Fund balance, July 1	26,702	-	26,702	26,702	
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 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	\$ 59,712,054
Restricted	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	4,335,342
Unrestricted (deficit)	(380,021)	(1,492,270)	(1,899,392)	(1,332,000)	(845,268)	(659,191)	(1,433,689)	(23,004,966)	(24,033,470)	(26,952,773)
Total governmental activities net position	<u>\$ 45,481,873</u>	<u>\$ 47,023,821</u>	<u>\$ 46,139,081</u>	<u>\$ 51,232,128</u>	<u>\$ 53,003,833</u>	<u>\$ 54,751,845</u>	<u>\$ 57,984,687</u>	<u>\$ 37,237,926</u>	<u>\$ 38,047,765</u>	<u>\$ 37,094,623</u>
Business-type activities										
Net investment in capital assets	\$ 334,237	\$ 313,771	\$ 273,830	\$ 237,599	\$ 240,395	\$ 269,498	\$ 248,729	\$ 212,054	\$ 171,210	\$ 150,303
Unrestricted	120,618	126,320	177,153	271,258	248,297	171,504	188,844	235,566	247,842	307,995
Total business-type activities net position	<u>\$ 454,855</u>	<u>\$ 440,091</u>	<u>\$ 450,983</u>	<u>\$ 508,857</u>	<u>\$ 488,692</u>	<u>\$ 441,002</u>	<u>\$ 437,573</u>	<u>\$ 447,620</u>	<u>\$ 419,052</u>	<u>\$ 458,298</u>
Government-wide										
Net investment in capital assets	\$ 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	\$ 59,862,357
Restricted	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	4,335,342
Unrestricted (deficit)	(259,403)	(1,365,950)	(1,722,239)	(1,060,742)	(596,971)	(487,687)	(1,244,845)	(22,769,400)	(23,785,628)	(26,644,778)
Total government-wide net position	<u>\$ 45,936,728</u>	<u>\$ 47,463,912</u>	<u>\$ 46,590,064</u>	<u>\$ 51,740,985</u>	<u>\$ 53,492,525</u>	<u>\$ 55,192,847</u>	<u>\$ 58,422,260</u>	<u>\$ 37,685,546</u>	<u>\$ 38,466,817</u>	<u>\$ 37,552,921</u>

Source: CAFR Schedule A-1 and District records.

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

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

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

Unaudited

	Year ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction	\$ 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	\$ 66,875,881
Support Services:										
Attendance and social work	398,270	448,018	157,459	182,244	255,573	246,939	207,527	236,477	340,855	457,074
Health services	544,884	637,506	661,490	732,384	772,340	796,828	854,374	1,046,052	1,174,587	1,486,377
Other support services	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	12,087,016
Improvement of instruction	271,038	179,443	430,554	270,851	300,373	342,936	344,422	409,855	414,027	398,589
Other support instructional staff	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	2,471,468
School library	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	3,026,047
General administration	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	1,354,304
School administration	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	4,926,312
Central administration	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	2,059,619
Info Technology	204,491	194,526	144,939	125,769	129,332	133,677	137,343	157,028	169,930	191,128
Required maintenance of plant	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	1,755,275
Operation of plant	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	7,322,755
Student transportation	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	3,794,242
Business and other support services and benefits	158,624									
Charter schools	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	4,745,777
Interest on long-term debt	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	1,241,805
Total governmental activities expenses	<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>	<u>114,193,669</u>
Business-type activities:										
Food service	793,234	831,244	768,729	798,944	887,786	931,533	852,358	906,162	965,528	1,029,485
Total business-type activities expense	<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>	<u>1,029,485</u>
Total district expenses	<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>	<u>\$ 115,223,154</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition and transportation)	\$ 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	\$ 5,150,332
Other support services			172,300	187,332	202,716	187,508	182,323	170,062	194,682	170,061
Operating grants and contributions	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	2,436,682
Capital grants and contributions	1,648,136	32,796	101,871	3,786,624	814,839	446,483	422,286	392,479	21,749	458,968
Total governmental activities program revenues	<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>	<u>\$ 8,216,043</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Food service	\$ 618,158	\$ 680,801	\$ 654,714	\$ 636,671	\$ 609,672	\$ 640,290	\$ 577,235	\$ 618,599	\$ 635,162	\$ 754,998
Operating grants and contributions	150,749	110,084	123,984	218,814	256,874	242,110	270,288	296,420	300,296	312,002
Total business type activities program revenues	768,907	790,885	778,698	855,485	866,546	882,400	847,523	915,019	935,458	1,067,000
Total district program revenues	\$ 8,896,786	\$ 8,918,764	\$ 12,661,187	\$ 8,622,580	\$ 866,546	\$ 882,400	\$ 847,523	\$ 915,019	\$ 935,458	\$ 1,067,000
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (105,977,626)
Business-type activities	(24,327)	(40,359)	9,969	56,541	(21,240)	(49,133)	(4,835)	8,857	(30,070)	37,515
Total government-wide net expense	\$ (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)	\$ (105,940,111)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 70,148,719
Property taxes levied for debt service	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	5,447,926
Unrestricted grants and contributions	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	28,887,329
Investment earnings	814,904	214,959	81,803	70,475	44,400	94,570	98,717	86,592	87,684	83,404
Miscellaneous income	631,646	413,921	359,859	360,631	364,464	405,447	508,472	404,436	673,868	457,106
Special item							1,450,000			
Transfers	(359,358)	(24,217)								
Total governmental activities	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	105,024,484
Business-type activities:										
Interest earnings		1,378	923	1,333	1,075	1,443	1,406	1,190	1,502	1,731
Transfers	359,358	24,217								
Total business-type activities	359,358	25,595	923	1,333	1,075	1,443	1,406	1,190	1,502	1,731
Total government-wide	\$ 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	\$ 105,026,215
Change in Net Position										
Governmental activities	\$ 2,783,316	\$ 1,541,948	\$ (884,740)	\$ 5,093,047	\$ 1,771,705	\$ 1,748,012	\$ 3,232,842	\$ 885,246	\$ 809,839	\$ (953,142)
Business-type activities	335,031	(14,764)	10,892	57,874	(20,165)	(47,690)	(3,429)	10,047	(28,568)	39,246
Total district	\$ 3,118,347	\$ 1,527,184	\$ (873,848)	\$ 5,150,921	\$ 1,751,540	\$ 1,700,322	\$ 3,229,413	\$ 895,293	\$ 781,271	\$ (913,896)

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 5,948,835	\$ 7,396,062	\$ 4,654,747							
Unreserved	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	\$ 3,179,518
Assigned				2,947,324	3,115,273	3,376,199	2,564,496	2,767,686	2,497,562	3,147,073
Unassigned				1,846,510	1,437,885	1,782,705	2,089,412	2,416,510	2,227,902	2,159,598
Total general fund	<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>	<u>\$ 8,486,189</u>
All Other Governmental Funds										
Reserved	\$ 807,106	\$ 721,564	\$ 1,898,146							
Unreserved, reported in:										
Special revenue fund (deficit)	(8,803)	(4,304)	(3,780)							
Capital projects fund		85,542	169,635							
Debt service fund	873,307	405,593	283,237							
Restricted for:										
Capital projects					\$ 200,596	\$ 8,672,752	\$ 2,638,335	\$ 2,076,811	\$ 2,331,483	\$ 1,360,096
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)	(4,950)
Total all other governmental funds	<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>	<u>\$ 1,355,146</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 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	\$ 75,596,645
Tuition charges	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	5,150,332
Interest earnings	814,904	214,959	81,803	70,475	44,400	94,570	98,717	86,592	87,684	83,404
Miscellaneous	592,739	679,372	507,081	538,619	554,556	621,227	556,830	510,679	519,200	504,693
Hazardous routes	279,871	215,600	172,300	187,332	202,716	187,508	182,323	170,062	170,061	170,061
Transportation-other LEAs									24,621	
State sources	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	14,882,094
Federal sources	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	1,586,747
Total revenue	79,574,433	79,966,235	79,330,835	84,154,988	84,377,912	86,971,137	89,152,010	91,564,102	94,476,039	97,973,976
Expenditures										
Instruction										
Regular and special educ instruct.	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	38,166,287
Support Services:										
Attendance and social work	311,539	323,670	117,575	127,704	177,467	169,791	142,132	145,061	197,915	241,931
Health services	426,225	471,229	503,048	524,191	552,359	558,533	597,235	656,122	697,932	808,401
Other support services	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	7,099,318
Improvement of instruction	212,014	138,717	332,708	192,278	221,213	246,630	248,390	264,153	260,426	226,120
Other support: instructional staff	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	1,259,391
School library	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	1,875,472
Instructional staff training										
General administration	2,359,170	776,991	796,259	817,958	878,921	970,444	975,957	852,728	785,218	925,642
School administration	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	2,695,930
Central services	949,763	942,273	973,292	981,059	994,459	1,120,455	1,100,916	1,052,953	1,103,190	1,177,230
Information technology	159,959	140,440	108,099	87,996	89,756	91,776	93,841	96,093	98,495	100,957
Required maintenance of plant	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	1,211,611
Operation of plant-custodial services	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	4,391,677
Care & upkeep of grounds			297,474	307,303	362,784	501,089	378,089	344,270	371,902	434,988
Security			168,108	86,866	101,040	122,138	181,892	178,927	190,611	155,794
Student transportation	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	2,928,654
Business and other support services and benefits	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	13,848,964
On-behalf contributions	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	8,847,781
Capital outlay	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	1,322,626
Charter school	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	4,745,777
Debt service:										
Principal	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	4,874,765
Cost of bond issuance			251,677			137,754				
Interest and other charges	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	1,079,600
Total expenditures	80,791,975	79,931,897	81,663,305	85,884,489	83,962,577	87,959,544	96,803,482	93,489,293	94,590,046	98,418,916
Excess (Deficiency) of revenues over (under) expenditures	(1,217,542)	34,338	(2,332,470)	(1,729,501)	415,335	(988,407)	(7,651,472)	(1,925,191)	(114,007)	(444,940)
Other financing sources (uses)										
Capital leases (non-budgeted)	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	329,228	82,305	1,523,103	1,156,935	5,706	47,732	24,174	974,170	1,591,689	243,858
Transfers out	(688,586)	(106,522)	(1,523,103)	(1,156,935)	(5,706)	(47,732)	(24,174)	(974,170)	(1,591,689)	(243,858)
Total other financing sources (uses)	(234,834)	170,575	340,587	-	-	11,061,330	-	-	-	-
Special item							1,450,000			125,000
Net change in fund balances	\$ (1,452,376)	\$ 204,913	\$ (1,991,883)	\$ (1,729,501)	\$ 415,335	\$ 10,072,923	\$ (6,201,472)	\$ (1,925,191)	\$ (114,007)	\$ (319,940)
Debt service as a percentage of noncapital expenditures	7.0%	6.9%	5.6%	5.7%	5.4%	5.3%	6.3%	6.2%	6.3%	6.1%

Source: CAFR Schedule B-2

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

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

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

The FY 2017 special item was the result of a legal settlement in favor of the District during the 2017 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
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
2017	72,275	170,061		5,150,332	238,380		72,000	146,726	5,849,774

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2017	87,865,000	5,779,425,700	36,620,900	326,700	779,781,900	11,759,700	295,171,800	6,990,951,700	2,364,002,700	8,823,569	6,999,775,269	1.10	7,901,500,303

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 2008 through 2012 are average between previous rates for Borough & Township.

All information is combined history of Borough & Township from years 2008 through 2017.

*Year of revaluation

Princeton Public Schools
Property Tax Rates - Direct and Overlapping Governments
Last Five 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 ^a	General Obligation Debt Service ^b	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
2017	1.024	0.077	1.101	0.502	0.697	2.300

Source: District Records and Municipal Tax Collector

Note: The recent Fiscal Years are presented separately from the previous five 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
Five Fiscal Years from 2008 - 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 ^a	General Obligation Debt Service ^b	Total Direct	Princeton Borough	Mercer County	
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 ^a	General Obligation Debt Service ^b	Total Direct	Princeton Township	Mercer County	
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 2017		Taxpayer	Princeton Township & Borough 2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Trustees of Princeton University	\$ 395,752,000	5.65%	Trustees of Princeton University	\$ 200,709,500	5.85%
Palmer Residences 1 LLC/PSN	82,539,100	1.18%	Palmer Sq. Ltd. Properties	18,830,000	0.55%
Palmer Sq. Ltd. Partners	35,310,000	0.50%	Jasna Polana	17,643,700	0.51%
Jasna Polana Golf Club	31,500,000	0.45%	Princeton Shopping Center	17,694,800	0.52%
Princeton (Edens) LLC	32,542,200	0.46%	PSN Partners	16,610,000	0.48%
Avalon Properties, LLC	40,212,000	0.57%	Nassau Inn Partnership	13,552,000	0.39%
Nassau Inn Partnership	26,030,100	0.37%	Church & Dwight	8,893,000	0.26%
Institute For Advanced Study	22,015,500	0.31%	Health Horizons	7,606,600	0.22%
Princeton Theological Seminary	17,229,200	0.25%	Thanet Road Assoc. LLC	7,500,000	0.22%
Fountain Ridge (Copperwood)	24,590,900	0.35%	Princeton Professional PK	7,283,900	0.21%
Total	\$ 707,721,000	10.11%		\$ 316,323,500	9.21%
Net Assessed Value	<u>\$ 6,999,775,269</u>			<u>\$ 3,432,864,969</u>	

Source: District CAFR & Municipal Tax Collector

Princeton Public Schools
Property Tax Levies and Collections
Last Five 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%	-
2017	75,596,645	75,596,645	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 five 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
Five Fiscal Years from 2008 - 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	
Princeton Borough				
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%	-
Princeton Township				
2008	\$ 40,845,601	\$ 40,845,601	100.00%	-
2009	41,576,437	41,576,437	100.00%	-
2010	41,537,397	41,537,397	100.00%	-
2011	42,975,478	42,975,478	100.00%	-
2012	44,459,115	44,459,115	100.00%	-

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

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

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

Municipality of Princeton

Ended June 30,	General Obligation Bonds	Capital Leases	Total District	Per Capita Estimate	Percentage of Per Capita	Per Capita Personal Income	Percentage of Per Capita
2013	\$ 44,740,000	\$ -	\$ 44,740,000	\$ 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%
2017	27,000,000	-	27,000,000	31,249	0.12%	63,247	0.23%

Borough and Township Information Noted Below

Fiscal Year Ended June 30,	Governmental Activities		Total District	Borough Per Capita ^a	Percentage of Per Capita Income ^a	Township Per Capita ^a	Percentage of Per Capita Income ^a
	General Obligation Bonds	Capital Leases					
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,	General Bonded Debt Outstanding			Percentage of	
	General Obligation Bonds	Restricted for Debt Service	Net General Bonded Debt Outstanding	Actual Taxable Value of Property	Per Capita
	2013	\$ 44,740,000	\$ 33,271	\$ 44,706,729	0.62%
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
2017	27,000,000	-	27,000,000	0.34%	864

Borough and Township Information Noted Below

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Borough Percentage of Actual Taxable	Borough Per Capita ^b	Township Percentage of Actual	Township Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding	Value ^a of Property		Taxable Value ^a of Property	
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, 2017
 Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality of Princeton	\$ 87,007,745	100.00%	\$ 87,007,745
Other debt			
M.C.I.A.	15,764,191	100.00%	15,764,191
Subtotal overlapping debt			<u>102,771,936</u>
Princeton Public Schools: Direct Debt			<u>27,000,000</u>
Total direct and overlapping debt			<u><u>\$ 129,771,936</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 2017

	Equalized valuation basis									
	2017 \$ 7,901,500,303									
	2016 7,700,394,662									
	2015 <u>7,477,416,279</u>									
	<u>\$ 23,079,311,244</u>									
	Average equalized valuation of taxable property									
	<u>\$ 7,693,103,748</u>									
	Debt limit (4 % of average equalization value)									
	\$ 307,724,150									
	Net bonded school debt									
	<u>27,000,000</u>									
	<u>\$ 280,724,150</u>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 307,724,150
Total net debt applicable to limit	<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>	<u>27,000,000</u>
Legal debt margin	<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>	<u>\$ 280,724,150</u>
Total net debt applicable to the limit as a percentage of debt limit	17.35%	15.32%	14.04%	13.27%	12.70%	13.99%	11.47%	12.37%	10.56%	8.77%

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 ^a	Personal Income ^b	Per Capita Personal Income	Unemployment Rate ^d
2007	30,876	\$ 1,611,294,936	\$ 52,186	4.4%
2008	30,808	1,625,183,616	52,752	4.8%
2009	30,785	1,576,407,495	51,207	8.3%
2010	28,596	1,490,537,904	52,124	8.3%
2011	28,122	1,498,087,062	53,271	8.1%
2012	28,699	1,598,936,086	55,714 *	5.4%
2013	29,076	1,654,598,856	56,906 *	3.9%
2014	29,103	1,742,542,125	59,875 *	3.7%
2015	29,603	1,872,300,941	63,247	3.1%
2016	31,249	N/A	N/A	2.8%

Source:

^a Population information provided by the NJ Dept of Education.

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

^d 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	2017			2008		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Trustees of Princeton University	13,055	1	26.05%	5,245		50.26%
Covance	11,800	2	23.55%	N/A		
NRG Energy	5,193	3	10.36%	N/A		
Bristol-Meyers Squibb	4,484	4	8.95%	N/A		
Integra Life Sciences	3,400	5	6.78%	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		5.75%
Princeton Healthcare System	2,450	9	4.89%	N/A		
Princeton Public Schools	732	10	1.46%	N/A		
University Medical Center at Princeton			0.00%	2,500		23.96%
Princeton Plasma Physics Lab			0.00%	485		4.65%
Princeton Theological Seminary			0.00%	280		2.68%
Princeton Packet			0.00%	200		1.92%
Westminster Choir College - Rider			0.00%	200		1.92%
Westminster Conservatory			0.00%	160		1.53%
Princeton Public Schools			0.00%	625		5.99%
Princeton Township			0.00%	140		1.34%
	<u>50,114</u>		<u>100.00%</u>	<u>10,435</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>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>	<u>2017</u>
Instruction										
Regular	314	323	323	270	281	282	277	287	290	294
Special education	38	40	41	45	43	49	51	52	54	54
Other special education	35	37	52	70	54	53	50	52	52	50
Other instruction	54	55	56	56	74	89	74	81	81	97
Support Services:										
Student & instruction related services	26	28	28	43	42	48	51	53	56	69
General administrative services	5	5	5	5	5	5	5	5	5	5
School administrative services	30	31	40	44	44	48	55	50	49	49
Business administrative services	13	13	13	12	13	13	12	12	12	12
Plant operations and maintenance	52	55	60	60	60	60	62	68	72	70
Pupil transportation	15	16	25	25	26	25	25	25	22	32
Total	<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>	<u>732</u>

Source: District Personnel Records

*HR Department sorted staff by designation starting in 2011 FY

Princeton Public Schools
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

At June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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%
2017	3,751	91,141,925	24,298	-2.21%	348	1:10	1:10	1:11	3,724	3,469	4.81%	93.15%

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

Note: 'Enrollment' based June 30, 2017 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary</u>										
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	341	327	334	318	301	284	302	324	320	371
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	366	360	381	375	357	351	350	376	346	388
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	364	310	305	347	339	342	342	356	333	337
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	343	312	298	278	254	265	281	271	261	283
<u>Middle School</u>										
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	615	671	642	659	715	742	691	713	723	788
<u>High School</u>										
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	1,314	1,386	1,380	1,404	1,412	1,430	1,456	1,523	1,570	1,584
<u>Other</u>										
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, 2017:										
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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
High School	\$ 374,250	\$ 455,054	\$ 340,318	\$ 312,476	\$ 385,851	\$ 461,625	\$ 412,842	\$ 267,989	\$ 349,051	\$ 355,843
John Witherspoon Middle	265,878	276,127	248,577	264,244	195,511	100,764	150,553	153,075	210,637	193,669
Community Park Elementary	135,525	136,973	127,857	132,429	119,870	145,063	147,188	134,807	104,938	103,999
Johnson Park Elementary	141,076	148,948	141,025	196,006	117,786	113,389	113,400	148,569	112,412	114,676
Littlebrook Elementary	143,672	139,448	156,703	111,547	113,770	104,308	100,938	138,221	121,882	103,607
Riverside Elementary	149,084	141,106	138,925	107,473	88,533	98,700	98,773	158,505	111,189	121,423
Grand Total	<u>\$ 1,209,485</u>	<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>

Source: District records of required maintenance.

Princeton Public Schools
Insurance Schedule
Year ended June 30, 2017
Unaudited

Type of Coverage	Coverage	Deductible
Burlington County Insurance Pool Joint Insurance Fund BCIPJIF		
Section I - Property:		
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
Section II - General Liability:		
Bodily Injury & Property Damage	15,000,000	None
Section III - Automobile Liability:		
Bodily Injury & Property Damage	15,000,000	None
Section IV - School Board Legal Liability Policy:		
Aggregate limit of liability	15,000,000	None
Section V - Crime:		
Blanket employee dishonesty	500,000	500
Money & Securities	500,000	500
Faithful Performance	500,000	500
Depositors Forgery	500,000	500
Workers Compensation:		
Section A	Statutory	None
Section B-Employers Liability Limit	10,000,000	

Source: District Records

Princeton Public Schools
Insurance Schedule
Year ended June 30, 2017
Unaudited

Type of Coverage	Coverage	Deductible
Automobile:		
Physical Damage	Comprehensive Collision	None None
Environmental Pollution Legal Liability:		
Aggregate limit of liability	\$ 3,000,000	\$ 25,000
Cyber Liability		
Limits of Liability	1,000,000	25,000
Fidelity Bonds:		
Selective Insurance Company		
Treasurer of School Monies	375,000	
Business Administrator/ Board Secretary	375,000	
Comptroller/ Asst. Board Secretary	375,000	
Foreign Travel		
Liability Student & Adult Chaperones	1,000,000	None
Excess Liability ~ Umbrella Coverage	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, 2017, 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 18, 2017.

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.

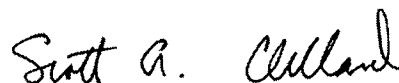
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 18, 2017
Livingston, New Jersey

Report on Compliance For Each Major Federal and State Program and Report
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, 2017. 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, 2017.

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 a 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 18, 2017
Livingston, New Jersey

Princeton Public Schools
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

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, 2016	Carryover/Walkover Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2017				
					From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Health and Human Services - Passed - Through State Department of Education																	
General Fund:																	
ARRA-Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	\$ 1,122	7/1/2016	6/30/2017			\$ 1,122	\$ (1,122)							
Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	2,608	7/1/2016	6/30/2017			2,608	(2,608)							
Medical Assistance Program (SEMI)	93.778	1605NJSMAP	N/A	3,319	7/1/2013	6/30/2014	\$ (3,319)		3,319								
Total U.S. Department of Health and Human Services - Passed - Through State Department of Education							<u>(3,319)</u>		<u>7,049</u>	<u>(3,730)</u>							
Total General Fund							<u>(3,319)</u>		<u>7,049</u>	<u>(3,730)</u>							
U.S. Department of Education-Passed-Through State Department of Education																	
Special Revenue Fund:																	
Title I, Part A	84.010A	S010A160030	N/A	300,651	7/1/2016	6/30/2017			259,219	(270,241)		\$ (11,022)					
Title I, Part A	84.010A	S010A150030	N/A	312,366	7/1/2015	6/30/2016	(11,078)		11,078								
Title II A	84.367A	S367A160029	N/A	122,970	7/1/2016	6/30/2017			75,594	(94,507)			(18,913)				
Title II A	84.367A	S367A150029	N/A	119,380	7/1/2015	6/30/2016	(6,463)		6,463								
Language Instruction for English Learners and Immigrant Students:																	
Title III	84.365A	S365A160030	N/A	49,000	7/1/2016	6/30/2017			38,789	(44,440)			(5,651)				
Title III, Supplemental Immigrant Student Aid	84.365A	S365A160030	N/A	49,239	7/1/2016	6/30/2017			20,126	(24,249)			(4,123)				
Title III	84.365A	S365A150030	N/A	45,962	7/1/2015	6/30/2016	(547)		547								
Title III, Supplemental Immigrant Student Aid	84.365A	S365A150030	N/A	62,225	7/1/2015	6/30/2016	(644)		644								
Subtotal Language Instruction for English Learners and Immigrant Students							<u>(1,191)</u>		<u>60,106</u>	<u>(68,689)</u>			<u>(9,774)</u>				
Special Education Grant Cluster:																	
I.D.E.I.A. Part B, Regular	84.027	H027A160100	N/A	1,402,744	7/1/2016	6/30/2017			997,776	(1,085,147)			(87,371)				
I.D.E.I.A. Part B, Regular	84.027	H027A150100	N/A	1,120,087	7/1/2015	6/30/2016	(485,242)		485,242								
I.D.E.I.A. Part B, Preschool	84.173	H173A160114	N/A	54,828	7/1/2016	6/30/2017			35,470	(51,988)			(16,518)				
I.D.E.I.A. Part B, Preschool	84.173	H173A150114	N/A	29,372	7/1/2015	6/30/2016	(1,125)		1,125								
Subtotal of Special Education Grant Cluster							<u>(486,367)</u>		<u>1,519,613</u>	<u>(1,137,135)</u>			<u>(103,889)</u>				
Total Special Revenue Fund							<u>(505,099)</u>		<u>1,932,073</u>	<u>(1,570,372)</u>			<u>(143,598)</u>				
U.S. Department of Agriculture-Passed-Through State Department of Agriculture																	
Enterprise Fund:																	
Child Nutrition Cluster:																	
Food Donation Program (NC)	10.555	171NJ304N1099	N/A	56,711	7/1/2016	6/30/2017			56,711	(54,731)			\$ 1,980				
Food Donation Program (NC)	10.555	16161NJ304N109	N/A	57,056	7/1/2015	6/30/2016	1,885			(1,885)							
National School Breakfast Program	10.553	171NJ304N1099	N/A	30,122	7/1/2016	6/30/2017			28,079	(30,122)			(2,043)				
National School Breakfast Program	10.553	16161NJ304N109	N/A	30,150	7/1/2015	6/30/2016	(2,380)		2,380								
National School Lunch Program	10.555	171NJ304N1099	N/A	217,999	7/1/2016	6/30/2017			200,285	(217,999)			(17,714)				
National School Lunch Program	10.555	16161NJ304N109	N/A	205,176	7/1/2015	6/30/2016	(15,158)		15,158								
Subtotal Child Nutrition Cluster							<u>(15,653)</u>		<u>302,613</u>	<u>(304,737)</u>			<u>(19,757)</u>	<u>1,980</u>			
Total Enterprise Fund and Total U.S. Department of Agriculture-Passed-Through State Department of Agriculture							<u>(15,653)</u>		<u>302,613</u>	<u>(304,737)</u>			<u>(19,757)</u>	<u>1,980</u>			
Total expenditures of Federal Awards							<u>\$ (524,071)</u>	<u>\$ -</u>	<u>\$ 2,241,735</u>	<u>\$ (1,879,039)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (163,355)</u>	<u>\$ 1,980</u>	<u>\$ -</u>		
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, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016		Carryover/Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance at June 30, 2017			Memo	
			From	To	Unearned Rev. (Accts Rec)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education																
General Fund:																
Transportation Aid	17-495-034-5120-014	\$ 845,567	7/1/2016	6/30/2017				\$ 781,452	\$ (845,567)						\$ (64,115)	\$ (845,567)
Transportation Aid	16-495-034-5120-014	846,497	7/1/2015	6/30/2016	\$ (62,389)			62,389								
Special Education Categorical Aid	17-495-034-5120-089	2,140,906	7/1/2016	6/30/2017				1,978,571	(2,140,906)						(162,335)	(2,140,906)
Special Education Categorical Aid	16-495-034-5120-089	2,107,628	7/1/2015	6/30/2016	(155,338)			155,338							(22,817)	(300,916)
Security Aid	17-495-034-5120-084	300,916	7/1/2016	6/30/2017				278,099	(300,916)							
Security Aid	16-495-034-5120-084	299,807	7/1/2015	6/30/2016	(22,097)			22,097								
Adjustment Aid	17-495-034-5120-085	107,606	7/1/2016	6/30/2017				99,447	(107,606)						(8,159)	(107,606)
Adjustment Aid	16-495-034-5120-085	107,606	7/1/2015	6/30/2016	(7,931)			7,931								
Extraordinary Aid	17-100-034-5120-473	1,238,062	7/1/2016	6/30/2017					(1,238,062)			\$ (1,238,062)				(1,238,062)
Extraordinary Aid	16-100-034-5120-473	1,292,424	7/1/2015	6/30/2016	(1,292,424)			1,292,424								
Additional NP Transportation Aid	17-495-034-5120-014	44,892	7/1/2016	6/30/2017					(44,892)			(44,892)				(44,892)
Additional NP Transportation Aid	16-495-034-5120-014	35,287	7/1/2015	6/30/2016	(35,287)			35,287								
PARCC Readiness Aid	17-495-034-5120-098	34,020	7/1/2016	6/30/2017				31,440	(34,020)						(2,580)	(34,020)
PARCC Readiness Aid	16-495-034-5120-098	34,020	7/1/2015	6/30/2016	(2,507)			2,507								
Per Pupil Growth Aid	17-495-034-5120-097	34,020	7/1/2016	6/30/2017				31,440	(34,020)						(2,580)	(34,020)
Per Pupil Growth Aid	16-495-034-5120-097	34,020	7/1/2015	6/30/2016	(2,507)			2,507								
Professional Learning	17-495-034-5120-101	35,810	7/1/2016	6/30/2017				33,095	(35,810)						(2,715)	(35,810)
On-Behalf Teachers' Pension and Annuity Fund	17-495-034-5094-002	3,503,119	7/1/2016	6/30/2017				3,503,119	(3,503,119)							(3,503,119)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	17-495-034-5095-001	2,918,896	7/1/2016	6/30/2017				2,918,896	(2,918,896)							(2,918,896)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	17-495-034-5094-004	6,031	7/1/2016	6/30/2017				6,031	(6,031)							(6,031)
Reimbursed TPAF - Social Security	17-495-034-5094-003	2,419,735	7/1/2016	6/30/2017				2,180,382	(2,419,735)				(239,353)			(2,419,735)
Reimbursed TPAF - Social Security	16-495-034-5094-003	2,430,075	7/1/2015	6/30/2016	(118,424)			118,424								
Total General Fund					(1,698,904)			13,540,876	(13,629,580)				(1,522,307)		(265,301)	(13,629,580)
Special Revenue Fund:																
Preschool Education Aid	495-034-5120-086	49,500	7/1/2016	6/30/2017				44,550	(49,500)						(4,950)	(49,500)
Preschool Education Aid	495-034-5120-086	49,500	7/1/2015	6/30/2016	(4,950)			4,950								
New Jersey Non-Public Aid:																
Non Public Nursing Services	100-034-5120-070	254,520	7/1/2016	6/30/2017				254,520	(241,490)					\$ 13,030		(241,490)
Non Public Nursing Services	100-034-5120-070	261,900	7/1/2015	6/30/2016		\$ 58,267				\$ (58,267)						
Non Public Security Aid	100-034-5120-509	141,400	7/1/2016	6/30/2017				141,400	(136,349)						5,051	(136,349)
Non Public Security Aid	100-034-5120-509	72,750	7/1/2015	6/30/2016		8,596				(8,596)						
Non Public Technology Initiative	100-034-5120-373	65,208	7/1/2016	6/30/2017				65,208	(63,682)						1,526	(63,682)
Non Public Technology Initiative	100-034-5120-373	67,470	7/1/2015	6/30/2016		1,709				(1,709)						
Non Public Textbook Aid	100-034-5120-064	144,562	7/1/2016	6/30/2017				144,562	(130,739)						13,823	(130,739)
Non Public Textbook Aid	100-034-5120-064	148,175	7/1/2015	6/30/2016		13,822				(13,822)						
Non Public Transportation Aid	100-034-5120-068	14,462	7/1/2016	6/30/2017				14,462	(14,462)							(14,462)
Non Public Auxiliary Services (Ch. 192):	100-034-5120-067															
English as a Second Language		22,199	7/1/2016	6/30/2017				22,199	(22,199)							(22,199)
Home Instruction		2,239	7/1/2016	6/30/2017					(2,239)				(2,239)			(2,239)
Home Instruction		242	7/1/2015	6/30/2016		(242)		242								
Compensatory Education		58,227	7/1/2016	6/30/2017				58,227	(25,083)						33,144	(25,083)
Compensatory Education		32,995	7/1/2015	6/30/2016		7,614				(7,614)						
Non Public Handicapped Services (Ch. 193):	100-034-5120-066															
Supplemental Instruction		22,756	7/1/2016	6/30/2017				22,756	(15,694)						7,062	(15,694)
Supplemental Instruction		26,733	7/1/2015	6/30/2016		10,396				(10,396)						
Examination and Classification		70,596	7/1/2016	6/30/2017				70,596	(55,818)						14,778	(55,818)
Examination and Classification		61,695	7/1/2015	6/30/2016		12,611				(12,611)						(43,645)
Corrective Speech		43,645	7/1/2016	6/30/2017				43,645	(43,645)							(4,180)
Corrective Speech		47,656	7/1/2015	6/30/2016		4,180				(4,180)						
Sustainable Jersey Schools Health and Wellness	N/A	4,000	7/1/2015	6/30/2016				143	(143)							(143)
Total Special Revenue Fund					(5,049)	117,195		887,317	(801,043)				(2,239)	88,414	(4,950)	(801,043)
New Jersey Schools Development Authority																
Capital Projects Fund:																
Schools Development Authority Grant	4255-050-14-1001	483,180	9/17/2015	Completion	(13,047)				(300,121)					(313,168)		(313,168)
Schools Development Authority Grant	4255-080-14-1002	50,276	9/17/2015	Completion	(2,658)				(32,029)					(34,687)		(34,687)
Schools Development Authority Grant	4255-110-14-1004	196,408	9/17/2015	Completion	(6,044)				(126,818)					(132,862)		(132,862)
Total Capital Projects Fund					(21,749)				(458,968)					(480,717)		(480,717)
State Department of Agriculture																
Enterprise Fund:																
State School Lunch Program (State share)	17-100-010-3350-023	7,265	7/1/2016	6/30/2017				6,673	(7,265)					(592)		(7,265)
State School Lunch Program (State share)	16-100-010-3350-023	6,868	7/1/2015	6/30/2016				496						(592)		(7,265)
Total Enterprise Fund					(496)			7,169	(7,265)					(592)		(7,265)
Total State Financial Assistance					\$ (1,726,198)	\$ 117,195	\$ -	\$ 14,435,362	\$ (14,896,856)	\$ (117,195)	\$ -	\$ -	\$ (2,005,855)	\$ 88,414	\$ (270,251)	\$ (14,918,605)
State Financial Assistance Not Subject to Single Audit Determination:																
On-Behalf Teachers' Pension and Annuity Fund	17-495-034-5094-002	3,503,119	7/1/2016	6/30/2017				\$ 3,503,119	\$ (3,503,119)							\$ (3,503,119)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	17-495-034-5095-001	2,918,896	7/1/2016	6/30/2017				2,918,896	(2,918,896)							(2,918,896)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	17-495-034-5094-004	6,031	7/1/2016	6/30/2017				6,031	(6,031)							(6,031)
Total State Financial Assistance Subject to Single Audit Determination								\$ 8,007,316	\$ (8,468,810)	\$ (117,195)	\$ -	\$ -	\$ (2,005,855)	\$ 88,414	\$ (270,251)	\$ (8,490,559)

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, 2017

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 District'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, 2017

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 \$12,532 for the general fund and \$17,480 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 3,730	\$ 13,617,048	\$ 13,620,778
Special Revenue Fund	1,583,017	806,078	2,389,095
Capital Projects Fund		458,968	458,968
Food Service Enterprise Fund	304,737	7,265	312,002
Total financial award revenues	<u>\$1,891,484</u>	<u>\$ 14,889,359</u>	<u>\$ 16,780,843</u>

4. Relationship to Federal and State Financial Reports

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

Princeton Public Schools

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

Year ended June 30, 2017

5. 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, 2017.

The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2017 amounted to \$6,428,046. Since on-behalf post retirement pension, disability insurance 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.

6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2017

Part I - Summary of Auditors' Results (continued)

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

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

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) 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 federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027,84.173	H027A160100/H173A160114	IDEA Part B, Basic and Preschool (Special Education 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, 2017

Part I - Summary of Auditors' Results (continued)

State Awards

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditors' report on compliance for major state programs: _____ Unmodified

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
17-495-034-5094-003	Reimbursed TPAF – Social Security

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

Auditee qualified as low-risk auditee? X Yes _____ No

Princeton Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

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, 2017

**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, 2017

None.