Princeton Charter School

Grades K-8

Princeton, NJ 08540

(Established 1997)

Princeton Charter School Board of Trustees

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

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AUDIT TAX ADVISORY

Comprehensive Annual Financial Report

of the

PRINCETON CHARTER SCHOOL

Princeton, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

PRINCETON CHARTER SCHOOL

Board of Trustees

Princeton Charter School
Table of Contents
June 30, 2017

Princeton Charter School
100 Bunn Drive
Princeton, NJ 08540
609-924-0575

December 1, 2017

Honorable President,
Members of the Board of Trustees,
and Constituents
Princeton Charter School
Princeton, New Jersey, 08540

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report ("CAFR") of Princeton Charter School (the "School" or "PCS") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "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 basic financial statements and results of operations of the School. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

The CAFR is presented in four (4) sections: Introductory, Financial, Statistical, Single Audit. The Introductory section includes the transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the School's organizational chart, a roster of officials, and a list of consultants and advisors. The Financial section includes the Independent Auditors' Report, Management's Discussion and Analysis (immediately following the independent auditors' report) and the basic financial statements, required supplementary information and other supplementary information, as well as the auditors' report therein. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The School is required to undergo an annual audit in conformity with the provisions of New Jersey OMB Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this audit, including auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with the findings and questioned costs, is included in the Single Audit section of this report.

1. Profile of Princeton Charter School

Princeton Charter School is a K-8 independent public school, operated by a Board of Trustees under a charter granted by the Commissioner of Education of the State of New Jersey. PCS opened in 1997 as a fourth grade through sixth grade elementary school. The School currently operates a kindergarten through eighth grade school with a diverse student population of 347 students and over 40 staff members. Princeton Charter School's charter was renewed in February of 2016 for a five-year term; this was PCS's fourth renewal. The Acting Commissioner, in granting PCS's renewal, praised PCS for its academic accomplishments and student success. PCS's next renewal application process will take place in the 2020-2021 school year.

There are three (3) school buildings on PCS's campus, all of which are in good condition. The buildings are as follows: K-4 building (lower school) built in 2003, 5-8 building (upper school) built in 1963 and renovated into a school building in 1998, and the campus center, built in 2010, which houses a gym, 3 classrooms and a black box theatre. There is also a business office, known as the Marsee Center, located on PCS's campus.

2. Reporting Entity and Its Services

Princeton Charter School is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB"). All funds and the school-wide financial statements of Princeton Charter School are included in this report. Princeton Charter School constitutes the School's reporting entity.

The School provides a full range of educational services appropriate to grades K through 8. These services include regular education as well as special education for students with special needs. The School completed the 2016-2017 fiscal year with an average daily enrollment of 348 students. The following chart details the changes in average daily enrollment for the School over the past six years:

Fiscal Year	Student Enrollment	Percent of Change
2016-2017	348	0.00%
2015-2016	348	0.30%
2014-2015	347	1.01%
2013-2014	344	0.00%
2012-2013	344	0.00%
2011-2012	344	0.00%

3. Enrollment Plan

The PCS charter states: "Princeton Charter School will seek a diverse student body and offer those students both excellence and equity in education." To meet this goal, PCS has an extensive recruitment program consisting of mailings to parents, open houses at the school, outreach to local nursery schools, advertisements in local newspapers and on community bulletin boards, and availability of applications and information at community sites and on the PCS web site.

Lottery: The dates and application information is posted on our website in English and in Spanish, and listed in advertisements in local papers. All students who are residents of Princeton and of school age, wishing to enroll at Princeton Charter School are assigned a number and entered into the lottery. Numbers are randomly selected and students are assigned a space if it is available. If no spaces are available, they are assigned a space in the order drawn on the wait list. Siblings of older students are given preference if a space is available or placed on the wait list.

4. Enrollment Outlook

Princeton Charter School has completed its twentieth year of operation. The School's charter was amended through our application last year to allow for a total of 402 students in 2017-18, and a maximum enrolment capped at 424 in AY 2018-19. There is no plan for any further enrollment expansion. PCS held its annual random lottery, as required by the New Jersey Department of Education, on March 5, 2017, or the 2017-2018 school year. PCS received 260 registration forms for our lottery from residents of Princeton and an additional 91 forms for students seeking seats from outside of Princeton.

5. Economic Condition and Outlook

Princeton Charter School is located with the municipality of Princeton and the financial resources it receives flow through the Princeton Public School District (district of residence) on a per-pupil basis. The economy in Princeton is flat and home properties are generally holding their value. Most of the undeveloped land in Princeton is held by Princeton University. It is believed there may be some commercial and residential growth potential within the municipality. Princeton Charter School's current per-pupil funding is flat, based on the implications of the School Funding Reform Act of 2008. Princeton Charter School's buildings are in good condition and there are not any major building renovations anticipated in the near future.

Major Initiatives

A recent change in the state law allowed for weights in the lottery for "economically disadvantaged" students. This presented us with an opportunity to support our mission to provide the broad Princeton Community with a choice and to serve an economically diverse student body. In order to increase access for disadvantaged students, the Board of Trustees of Princeton Charter School (PCS) applied for an amendment to the PCS charter to implement a weighted lottery that would give an advantage to economically disadvantaged students coupled with a request to expand from one class to two classes in kindergarten, first grade, and second grade and to add two seats in grades 3 through 8 to increase the number of seats available for these students. The Commissioner of Education of New Jersey, Kimberly Harrington approved our request in its entirety to amend our charter to implement our proposed Access & Equity Plan, allowing for the implementation a weighted enrollment lottery and a modest increase of the school's enrollment by 76 students. This increase is being phases in over two years.

Academic Performance

We saw immediate results from the lottery. For AY 2017-18, 12% of the students drawn in the lottery qualified as economically disadvantaged. The majority of those students will be entering in the lower grades, K and 1, as a direct result of the expansion. In 2016-17, the rate of Free and Reduced Lunch students was roughly 1.5%. The sibling preference (a child drawn in the lottery moves his/her sibling into the school if a space is available) played a significant part in increasing the number of economically disadvantaged students who were offered seats at PCS as well.

The test scores for PCS continue to be extremely strong across the board. The average passing rate as a school (students scoring a 4 or 5 on the PARCC tests) is 93% for language arts and 91% for mathematics. The state averages in these areas are 56% and 42% respectively. More specifically, we see a high percentage of students scoring in level 5 as part of that passing rate; for example, language arts in 8th grade had 100% passing, earning a level 4 or 5 score, with 57% in the 5 range, compared to the state averages of 59% passing with 19% scoring a 5.

On the NJASK science tests given in grades 4 and 8, we also did extremely well with 83% of students in 4th grade achieving Advanced Proficiency and 84% of students in 8th grade Advanced Proficient as well. We are extremely proud of our students and teachers in accomplishing these remarkable results.

Charter Renewal

Last year we submitted our Charter Renewal application and we were renewed for the next five years demonstrating the ongoing success of the School and the fulfillment of its mission. In order to be renewed the School needed to meet the standards outlined in the NJDOE Charter School Performance Framework.

6. Educational Program

All charter schools are required to adapt and implement their curriculum to align with the Common Core State Standards.

Princeton Charter School continues to work to ensure that its curriculum is aligned to the Common Core State Standards. Over the past four years, the faculty and administration have met in departmental small learning communities ("SLCs") in order to map and align the curriculum to the Common Core. We will continue this work in our design of learning activities and assessments that promote the higher order thinking that is expected in the Common Core.

Princeton Charter School is committed to a thorough and rigorous education that emphasizes mastery of subject area content. Students develop their skills in writing and reasoning in language arts, mathematics, history and science while also learning content knowledge across all of these subjects. In addition, Princeton Charter School is committed to having all students learn to speak a second language. Instruction in French and Spanish begins early: kindergarten for French and third grade for Spanish. Instruction in world language also meets frequently, 5 times a week for 45 minutes starting in first grade for French and third grade for Spanish. As a result of this commitment to world language acquisition, our performance on the National French exam and the National Spanish exam has been consistently outstanding.

Princeton Charter also has many after school clubs and programs that enhance the curriculum of the School.

7. Internal Accounting Controls

The management of the School is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the School are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The internal control system 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 control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State awards, the School is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the School's management.

8. Budgetary Controls

In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. The New Jersey Department of Education defines the budget criteria which is a program budget. The program budget is comprised of (1) equalization aid, (2) special education categorical aid, (3) security aid, and (4) state adjustment aid.

The School Funding Reform Act of 2008 states that the school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to 90 percent of the school district of residence's previous year tax levy adjusted by the most recent CPI. Equalization aid is calculated on a weighted per-pupil basis on the appropriate portion of the tax levy base. Special education categorical aid, which is comprised of both speech and special education aid, is calculated based on the actual number of charter school speech and special education students as percentage of the school district of residence's total number of students on the appropriate portion of the tax levy for speech and special education.

The New Jersey Department of Education requires charter schools to submit an annual budget to the Office of Charter School Finance by March 30th of each year, for the following school year, based on the above funding guidelines. The components of this annual budget are the financial report, otherwise known as the Line 108 report, a cash flow statement and a budget narrative. The budget must be approved by the Board of Trustees, prior to submission. Annual appropriated budgets are adopted for the general fund and special revenue 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 School 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 cancelled or are included as re-appropriations of fund balance.

9. Accounting Systems and Reports

The School's accounting records reflect GAAP, as promulgated by GASB. The accounting system of the School is organized on the basis of governmental funds and business-type activities. These funds are explained in "Notes to Financial Statements," Note 1.

10. Relevant Financial Policies

The School's fiscal management is guided by Board of Trustee-adopted financial policies that are known as "Business and Non-Instructional Operations." The School has a policy, contained within this group that outlines the fiscal management and internal controls of the School. The Princeton Charter School Board of Trustees recognizes that its success as an educational institution will depend on sound financial planning and management and implements this within the best possible school budget. Financial resources are allocated to support a strong instructional school program, along with supporting the School's education mission. There is also a required Standard Operating Procedure manual, which details how financial tasks are to be completed. The Budget, Planning, Preparation and Adoption Policy (Board Policy #3100) outlines the budget process and how the School's budget must be in accord with statutory and regulatory mandates of the Federal government, the State legislature, the State board of education, and the Board of Trustees. There are also many other relevant financial policies that outline purchasing practices, vendor relations, audit procedures, school activity fund management and operations of maintenance and plant. To obtain a copy of these policies, please contact the School Business Administrator/Board Secretary.

11. Other Information

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of WithumSmith+Brown, PC was selected by the Board of Trustees to perform auditing services at its annual organization meeting. The auditors' report on the basic financial statements, required supplementary information, and other supplementary information are included in the financial section of this report.

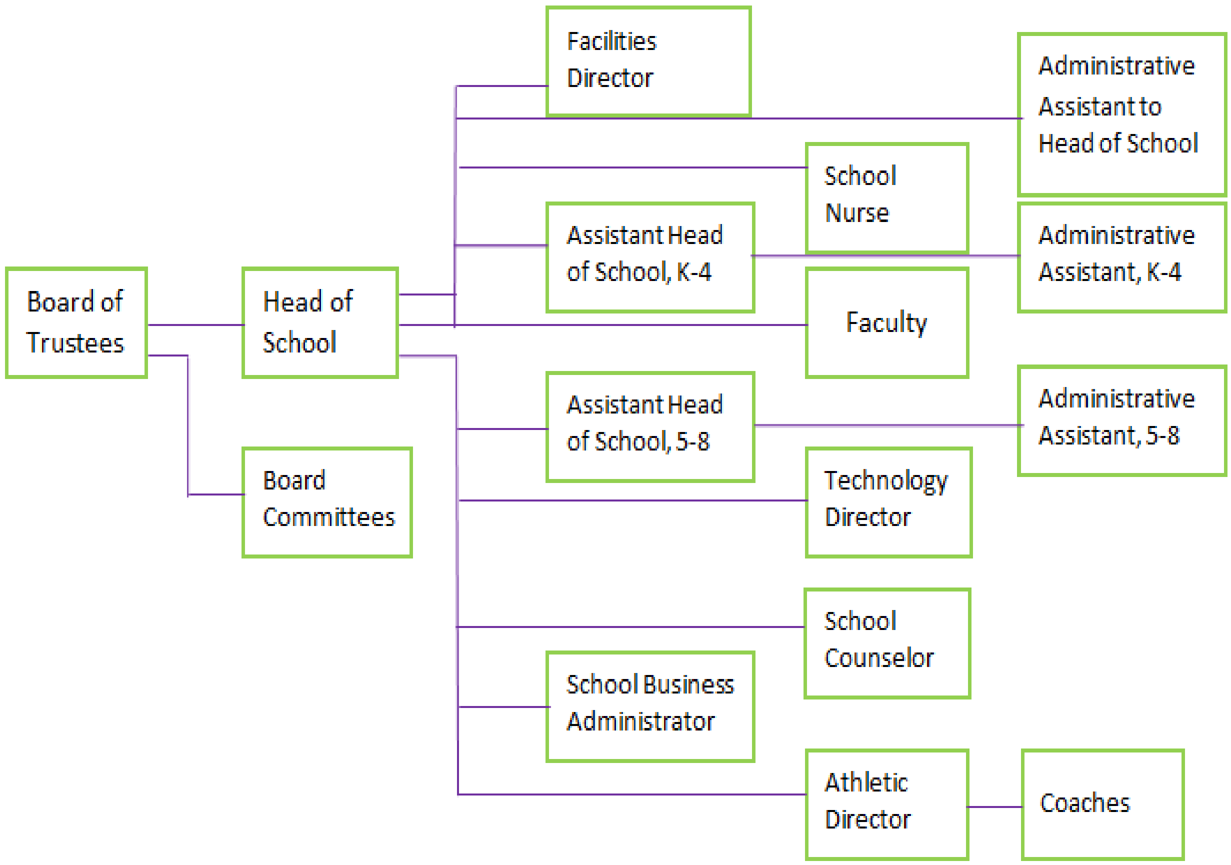
12. Acknowledgements

We would like to express our appreciation to the members of the Board of Trustees of Princeton Charter School for their commitment to provide fiscal accountability to the citizens and taxpayers of the participating districts of the School and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

Lawrence D. Patton	Michael Falkowski
Head of School	School Business Administrator / Board Secretary

Princeton Charter School



PRINCETON CHARTER SCHOOL
Roster of Officials
June 30, 2017

Members of the Board of Trustees	Term Expires
Paul Josephson, Chairperson	June 30, 2020
Khalid Anwar, Treasurer	June 30, 2018
Roxanna Choe,	June 30, 2020
Brandice Canes-Wrone	June 30, 2020
Rebecca Feder	June 30, 2018
Lorie Roth	June 30, 2019
Harlan Tennenbaum	June 30, 2019
Lily Zou	June 30, 2019
Maryellen McQuade	June 30, 2018

Other Officers

Lawrence D. Patton, Head of School

Michael Falkowski, School Business Administrator / Board Secretary

PRINCETON CHARTER SCHOOL
Consultants, Independent Auditors, and Advisors

Independent Auditors

WithumSmith+Brown, PC
One Tower Center
East Brunswick, NJ 08816

Attorney

Apruzzese, McDermott, Mastro & Murphy, PC
Somerset Hills Corporate Center
25 Independence Blvd.
Warren, NJ 07059

Official Depository

Peapack Gladstone Bank
300 Carnegie Center
Princeton, NJ 08540

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Chairperson and Members
of the Board of Trustees
Princeton Charter School
Princeton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Princeton Charter School (the "School") as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School'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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to previously 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 Princeton Charter School as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC One Tower Center Boulevard, 14th Floor, East Brunswick, New Jersey 08816-1145 T (732) 828 1614 F (732) 828 5156 withum.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules and pension schedules 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 inquires, 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 Princeton Charter School's basic financial statements. The introductory section, combining and individual non-major fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards, schedule of expenditures of state awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards "Uniform Guidance"* and the State of New Jersey, Department of the Treasury, OMB Circular 15-08-OMB, schedule of findings and questioned costs, and summary schedule of prior audit findings are presented for purposes of additional analysis and are not a required part of the basic financial statements of Princeton Charter School.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, and schedule of expenditures of state awards 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 non-major fund financial statements, schedules of expenditures of federal awards and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 December 1, 2017 on our consideration of Princeton Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Princeton Charter School's internal control over financial reporting and compliance.

December 1, 2017
East Brunswick, NJ

WithumSmith+Brown, PC

James J. Decker
Licensed Public School Accountant #2502
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Princeton Charter School's annual report presents its discussion and analysis of the School's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the School's financial statements, which immediately follow this section.

Financial Highlights

- The assets and deferred outflows of resources of Princeton Charter School exceeded its liabilities and deferred inflows at June 30, 2017 by $3,596,690 (net position). Of this amount $314,478 represents unrestricted net position, which may be used to meet the School's ongoing future major initiatives.
- At the current fiscal year, unrestricted governmental fund balance was $305,046 or approximately 5.00% of total general fund expenditures.
- Princeton Charter School's per pupil funding amount is $15,339 per student, which is the same as prior years. The School's per pupil funding comes from two sources, the District of Residence and the State of New Jersey.
- Enrollment in the School was at its maximum capacity of 348 for both 2017 and 2016.

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

Charter School-Wide Financial Statements: The charter school-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

The Statement of Net Position presents information on all the assets, deferred inflows / outflows and liabilities of the School, with the differences reported as net position. Over time, increases or decreases in net position may serve as useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the net position of the School changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes 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.

Both of the charter school-wide financial statements distinguish functions of the School that are principally supported by both equalization aid/local levy and state government revenues from other functions that are intended to recover all or a significant portion of their costs through fees and charges (business-type activities). The governmental activities of the School are the public resources used to operate a public charter school. The business-type activities of the School include a food service program (school lunch program) an after school program and many after school club activities.

The charter school-wide financial statements can be found on pages 19-20 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 School, 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 School 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 charter school-wide financial statements. However, unlike the charter school-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 the charter school's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the charter school-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the charter school-wide financial statements. By doing so, readers may better understand the long-term impact of the charter school'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 School maintains two 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 and special revenue fund all of which are considered to be major funds.

The School adopts an annual appropriated budget for its general fund and special revenue 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 21-23 of this report.

Proprietary funds: The School maintains one proprietary fund type. Enterprise funds (one type of proprietary fund) are used to report the same functions presented as business-type activities in the charter school-wide financial statements. The School uses an enterprise fund to account for the operations of its food service, after-school activities, summer camps, and after-school clubs.

The basic enterprise fund financial statements can be found on pages 24-26 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 charter school-wide financial statements because the resources of those funds are not available to support the School's own programs. The School uses trust funds to account for the activity of the unemployment compensation trust fund. The School 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 27-28 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 charter school-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29-49 of this report.

Charter School-Wide Financial Analysis: As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of Princeton Charter School, assets and deferred outflows exceeded liabilities by $3,596,690 (reported as total net position) at the close of 2017. The following table provides a summary of net position relating to the School's governmental and business-type activities at June 30, 2017 and 2016:

Net Position

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 675,380	$ 36,887	$ 712,267	$ 606,860	$ 22,865	$ 629,725
Capital assets (net)	10,632,528	12,772	10,645,300	11,155,247	14,027	11,169,274
Total assets	11,307,908	49,659	11,357,567	11,762,107	36,892	11,798,999
Deferred outflow of resources	1,412,882	--	1,412,882	1,470,873	--	1,470,873
Non-current liabilities	8,984,997	--	8,984,997	9,015,726	--	9,015,726
Other liabilities	109,619	27,455	137,074	172,349	17,358	189,707
Total liablities	9,094,616	27,455	9,122,071	9,188,075	17,358	9,205,433
Deferred inflow of resources	51,688	--	51,688	11,158	--	11,158
Net position						
Invested in capital assets	3,269,440	12,772	3,282,212	3,582,973	14,027	3,597,000
Unrestricted	305,046	9,432	314,478	450,774	5,507	456,281
Total net position	$ 3,574,486	$ 22,204	$ 3,596,690	$ 4,033,747	$ 19,534	$ 4,053,281

The largest portion of the School's net position is its net investment in capital assets.

Current and other assets increased primarily due to an outstanding pledge receivable at year-end. Long-term liabilities decreased due to a reduction of the School's loan due to principal repayments.

Capital assets (net) decreased from prior year due to current year depreciation.

The total net position of the School during the current fiscal year decreased by $456,591. The majority of this decrease is attributed to general fund operations which generated an excess of expenses (including depreciation) over revenues.

There was no substantial change in business-type activity assets, liabilities, and net position for the year ended June 30, 2017.

Charter School-Wide Activities: The key elements of the School's activities for the years ended June 30, 2017 and 2016 are as follows:

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenue:						
Operating grants and contributions	$ 1,777,953	$ 28,887	$ 1,806,840	$ 1,359,703	$ 7,358	$ 1,367,061
General revenues:						
Equalization / local levy aid-local share	4,693,659	--	4,693,659	4,792,581	--	4,792,581
State sources	599,918	--	599,918	499,827	--	499,827
Grants and contributions not restricted to specific programs	152,000	--	152,000	50,000	--	50,000
Miscellaneous	41,790	--	41,790	97,872	--	97,872
Program revenue:						
Food services	--	87,899	87,899	--	77,294	77,294
Chess after school program	--	11,350	11,350	--	12,583	12,583
After school program	--	104,698	104,698	--	76,590	76,590
After school clubs	--	8,298	8,298	--	11,774	11,774
Total revenue	7,265,320	241,132	7,506,452	6,799,983	185,599	6,985,582
Expenses:						
Instruction	4,445,743	--	4,445,743	3,953,523	--	3,953,523
Student and instruction related services	466,995	--	466,995	329,174	--	329,174
School administrative services	1,353,676	--	1,353,676	1,306,584	--	1,306,584
Plant operations and maintenance	680,032	--	680,032	674,854	--	674,854
Pupil transportation	13,171	--	13,171	11,958	--	11,958
Interest on mortgage debt	274,907	--	274,907	260,692	--	260,692
Debt issuance costs	--	--	--	--	--	--
Unallocated depreciaton (not allocated elsewhere)	480,057	--	480,057	497,495	--	497,495
Food service	--	107,960	107,960	--	93,933	93,933
Chess program	--	16,276	16,276	--	15,900	15,900
After school program	--	94,650	94,650	--	47,360	47,360
After school clubs	--	29,576	29,576	--	25,918	25,918
Total expenses	7,714,581	248,462	7,963,043	7,034,280	183,111	7,217,391
Transfers	(10,000)	10,000	--	--	--	--
(Decrease) increase in net postion	(459,261)	2,670	(456,591)	(234,297)	2,488	(231,809)
Net position - beginning of year	4,033,747	19,534	4,053,281	4,268,044	17,046	4,285,090
Net position - end of year	$ 3,574,486	$ 22,204	$ 3,596,690	$ 4,033,747	$ 19,534	$ 4,053,281

Governmental operating grants and contributions increased largely due to TPAF-related revenue and additional contributions.

The decrease in equalization aid is due to the decrease in the levy that flows into the School from the district of residence during the current year. The School received an average of $13,512, on a per pupil basis from the district of residence, in 2016-2017. In 2015-2016 the School received an average of $13,974 on per pupil basis.

The revenue from state sources increased due to the increase in adjustment aid that the School received from the State of New Jersey in the current year. This adjustment aid is on a per pupil basis. In 2016-2017 the School received $1,656 on a per pupil basis, compared to $1,365 in 2015-2016. The total per pupil funding is $15,339 for both fiscal years. The State of New Jersey allocates additional aid to charter schools that were adversely affected by the new funding formula of 2008.

Grants and contributions not restricted to specific programs increased in the current year due to more significant contributions in current year, while the decrease in miscellaneous revenue is due to the prior year having additional facility usage fees and donated fixed assets.

The revenues from business-type activities increased due to higher rates charged for the school lunch program and greater usage of the after-school programs and clubs. The related expenses increased, as well.

Expenses increased largely due to TPAF-related expense .

Financial Analysis of the School's Funds
As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As demonstrated by the various statements and schedules included in the Financial Section of this report, the School continues to meet its responsibility for sound fiscal financial management. The following schedule presents a summary of General Fund and Special Revenue Fund revenues for the fiscal year ended June 30, 2017 and increases and decreases in relation to prior years:

Sources of Revenue for Fiscal Year 2017	Amount	Percentage	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Sources of income				
Local sources	$ 4,909,752	77.47%	$ (74,978)	-1.50%
State sources	1,351,511	21.33%	188,957	16.25%
Federal sources	76,013	1.20%	(3,824)	-4.79%
	$ 6,337,276	100.00%	$ 110,155	9.96%

The decrease in local sources and increase in state sources is mainly attributable to a decrease in the equalization aid that flows from the district of residence to the School and an increase in state aid to make up the difference.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2017 and the increases and decreases related to the prior year:

Government Expenditures	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Current expenditures				
Instruction	$ 2,678,456	43.23%	$ 86,242	3.33%
Undistributed	3,074,664	49.62%	37,963	1.25%
Capital outlay	--	0.00%	(22,217)	-100.00%
Mortgage note payable				
Principal	207,969	3.36%	24,243	13.20%
Interest	234,937	3.79%	14,215	6.44%
	$ 6,196,026	100.00%	$ 140,446	2.32%

There were minimal increases in instruction and undistributed expenditures. The decrease in capital outlay is because fewer resources were allocated to capital improvements. The increase in principal and interest related to mortgage note payable are based on the contractual repayment terms of the underlying agreement.

Charter School Analysis
Charter Schools are required to spend at least 60 percent of budgeted expenditures on instruction. The expenditures do not include long term expenditures (mortgage principal or interest payments), capital outlay, or the TPAF non-budgeted on-behalf. The benefits are allocated by the percent of salaries apportioned to each category. Listed below is the percentage of current expenditures per designated category:

Category	Amount	Allocated Benefits	Total	Percent of Total
Instruction	$ 2,678,456	$ 385,317	$ 3,063,773	62%
Administration	919,171	90,773	1,009,944	20%
Support	817,563	50,082	867,645	18%
Total	$ 4,415,190	$ 526,172	$ 4,941,362	100%

The School continues to support its strong instructional program by allocating financial resources accordingly.

General Fund Budgetary Highlights
During the 2016-2017 school year, Princeton Charter School amended its General Fund budget as needed. The School uses line-based budgeting, which is known as the Line 108 report. This budget report is given to New Jersey Charter Schools by the New Jersey Department of Education. The budgeting system is designed to control costs and allocate resources in four key areas: instruction, administration, support services, and capital outlay. The financial position of the School remains stable while the School's enrollment has remained at maximum capacity, 348 students, for both 2017 and 2016. Careful management of expenses remains essential for the School to maintain its financial health. During the year ended June 30, 2017 actual revenues exceeded actual expenses by $131,250.

The budget was developed for a total student body of 348 students. The additional amount received from miscellaneous revenue is predominantly for the rental of the School facilities by outside entities.

The Board adopted the original budget in March 2016 and amended it in December 2016, when the State of New Jersey provides the final funding numbers based on the October 15th enrollment count. This enrollment count is the students that are in a charter school at that point in time. Any students that leave the School from that date until the end of the school year are reported in the final enrollment count and the per-pupil funding is adjusted accordingly.

A review of actual expenditures compared to the appropriations in the final budget was for the following:

Instructional expenditures: the original budget was $2,674,107; the amended budget was $2,674,107; and the actual expenditures were $2,678,456. There was minimal variance between the amended budget and actual expenditures.

Administrative expenditures: the original budget was $1,755,683; the amended budget was $1,755,683; and the actual expenditures were $1,680,280. Net Administrative expenses were below budget estimates. The variance is due mainly to a decrease in salaries and related benefit costs.

Support expenditures: the original budget was $899,868; the amended budget was $899,868; and the actual expenditures were $817,563. Net Support expenses were below budget estimates. The variance is due to a decrease in energy and snow removal costs due to a mild winter as well as good resource management relating to managing building and grounds costs.

Capital outlay: the original budget was $207,929; the amended budget was $207,929; and the actual expenditures were $207,969. There was minimal variance between the amended budget and actual expenditures.

The amount of variance of final to actual of $(557,623) is largely attributed to the State of New Jersey's requirement of the inclusion in the general fund of the non-budgeted on-behalf for TPAF purposes. These amounts are offset by related revenues and, as such; do not represent over-expenditures in this budget.

After removing that required adjustment the above variance would be $153,319.

Capital Assets

At the end of the fiscal years ended June 30, 2017 and 2016, the School had $10,632,528 and $11,155,247, respectively, net invested in land, site improvements, building and building improvements and machinery and equipment.

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School		Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change
Sites (land)	$ 2,560,000	$ 2,560,000	$ --	$ --	$ 2,560,000	$ 2,560,000	0.00%
Site improvements	93,791	105,395	--	--	93,791	105,395	-11.01%
Building and building improvements	7,699,956	8,152,832	--	--	7,699,956	8,152,832	-5.55%
Machinery and equipment	278,781	337,020	12,772	14,027	291,553	351,047	-16.95%
	$ 10,632,528	$ 11,155,247	$ 12,772	$ 14,027	$ 10,645,300	$ 11,169,274	-4.69%

The decrease in capital assets is due to current year depreciation expense exceeding the current year additions. For more detailed information, refer to Note 4 to the basic financial statements.

Debt Administration

At June 30, 2017 the School had $7,363,088 outstanding in its mortgage notes payable. Of this amount $222,144 is due in the 2017-2018 school year. The School also has a non-current liability in the amount of $266,380, which is for an interest rate swap, a derivative instrument connected to the mortgage note.

Outstanding Long-Term Debt

	Total School		Percentage
	2016/2017	2015/2016	Change
Mortgage Payable	$ 7,363,088	$ 7,572,274	-2.76%

Economic Factors and Next Year's Budget

- The projected enrollment, for the 2017-2018 school year is 348 students.
- The per-pupil funding is $15,339, the same as it was in 2016-2017.
- The State of New Jersey continues to provide adjustment aid for schools that were adversely affected by the School Reform Funding Act of 2008.
- All of the above factors were considered in preparing the School's 2017-2018 fiscal year budget.

Contacting the School's Financial Management

This financial report is designed to provide a general overview of Princeton Charter School's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the School Business Administrator at 609-924-0575, ext. 2503.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE
FINANCIAL STATEMENTS

Princeton Charter School
Statement of Net Position
June 30, 2017

Exhibit A-1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	$ 525,965	$ 4,805	$ 530,770
Receivables from other governments	--	4,192	4,192
Other receivables	135,698	27,890	163,588
Other assets	9,177	--	9,177
Interfund receivable	4,540	--	4,540
Capital assets:			
Site (land)	2,560,000	--	2,560,000
Depreciable site improvements, building and improvements, furniture, machinery, and equipment (net of accumulated depreciation)	8,072,528	12,772	8,085,300
Total assets	11,307,908	49,659	11,357,567
DEFERRED OUTFLOWS			
Accumulated decrease in fair value of hedging derivatives	266,380	--	266,380
Loss on refunding	536,260	--	536,260
Pension deferred outflows	610,242	--	610,242
Total deferred outflows	1,412,882	--	1,412,882
LIABILITIES			
Cash overdraft	--	17,856	17,856
Accounts payable - vendors	41,646	9,599	51,245
Deferred revenue	11,000	--	11,000
Medical insurance payable	56,973	--	56,973
Non-current liabilities:			
Mortgage note payable due within one year	222,144	--	222,144
Mortgage note payable due in more than one year	7,140,944	--	7,140,944
Net pension liability	1,355,529	--	1,355,529
Derivative instrument - interest rate swap	266,380	--	266,380
Total liabilities	9,094,616	27,455	9,122,071
DEFERRED INFLOWS			
Pension deferred inflows	51,688	--	51,688
NET POSITION			
Net invested in capital assets	3,269,440	12,772	3,282,212
Unrestricted	305,046	9,432	314,478
Total net position	$ 3,574,486	$ 22,204	$3,596,690

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

Princeton Charter School
Statement of Activities
Year Ended June 30, 2017

Exhibit A-2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular instruction	$ 4,445,743	$ --	$ 1,200,233	$ --	$ (3,245,510)	$ --	$ (3,245,510)
Support services:							
Student & instruction related services	466,995	--	238,338	--	(228,657)	--	(228,657)
General administrative services	1,353,676	--	282,753	--	(1,070,923)	--	(1,070,923)
Plant operations and maintenance	680,032	--	56,629	--	(623,403)	--	(623,403)
Pupil transportation	13,171	--	--	--	(13,171)	--	(13,171)
Interest on long-term debt	274,907	--	--	--	(274,907)	--	(274,907)
Unallocated depreciation (excludes allocated depreciation)	480,057	--	--	--	(480,057)	--	(480,057)
Total governmental activities	7,714,581	--	1,777,953	--	(5,936,628)	--	(5,936,628)
Business-type activities:							
Food service	107,960	87,899	8,887	--	--	(11,174)	(11,174)
Chess program	16,276	11,350	--	--	--	(4,926)	(4,926)
After school program	94,650	104,698	--	--	--	10,048	10,048
After school clubs	29,576	8,298	20,000	--	--	(1,278)	(1,278)
Total business-type activities	248,462	212,245	28,887	--	--	(7,330)	(7,330)
Total primary government	$ 7,963,043	$ 212,245	$ 1,806,840	$ --	$ (5,936,628)	$ (7,330)	$ (5,943,958)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Local property taxes - charter school aid	$ 4,693,659	$ --	$ 4,693,659
State share	599,918	--	599,918
Miscellaneous income	41,790	--	41,790
Grants and contributions not restricted to specific programs	152,000	--	152,000
Transfers	(10,000)	10,000	--
Total general revenues and transfers	5,477,367	10,000	5,487,367
Change in net position	(459,261)	2,670	(456,591)
Net position - beginning	4,033,747	19,534	4,053,281
Net position - ending	$ 3,574,486	$ 22,204	$ 3,596,690

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

FUND FINANCIAL STATEMENTS

Princeton Charter School
Balance Sheet
Governmental Funds
June 30, 2017

Exhibit B-1

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 507,350	$ 18,615	$ 525,965
Other receivables	135,698	--	135,698
Other assets	9,177	--	9,177
Interfund receivable	4,540	--	4,540
Total assets	$ 656,765	$ 18,615	$ 675,380
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable - vendors	$ 34,031	$ 7,615	$ 41,646
Deferred revenue	--	11,000	11,000
Medical insurance payable	56,973	--	56,973
Total liabilities	91,004	18,615	109,619
Fund Balances:			
Unassigned	565,761	--	565,761
Total fund balances	565,761	--	565,761
Total liabilities and fund balances	$ 656,765	$ 18,615	
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 fund statements. The cost of the assets is $16,423,707 and the accumulated depreciation is $5,777,815.			10,632,528
Pension deferred outflows are not current financial resources and, therefore, are not reported in the fund statements.			610,242
Pension deferred inflows are not reported as liabilities in the fund statements.			(51,688)
Loss on refunding deferred outflows are not reported as liabilities in the fund statements.			536,260
Long-term liabilities, including mortgage note payable are not due in the current period and, therefore, are not reported as liabilites in the funds.			(7,363,088)
Long-term liabilities, including net pension liability, are not due in the current period and, therefore, are not reported as liabilites in the funds.			(1,355,529)
Net position of governmental activities			$ 3,574,486

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

Princeton Charter School
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2017

Exhibit B-2

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Equalization aid	$ 4,693,659	$ --	$ 4,693,659
Miscellaneous	41,790	22,303	64,093
Grants and contributions not restricted to specific programs	152,000	--	152,000
Total local sources	4,887,449	22,303	4,909,752
State sources	1,349,011	2,500	1,351,511
Federal sources	--	76,013	76,013
Total revenues	6,236,460	100,816	6,337,276
EXPENDITURES			
Current:			
Instruction	2,678,456	--	2,678,456
Undistributed costs:			
Student and instruction related services	207,939	100,816	308,755
General administrative services	919,171	--	919,171
Plant operations and maintenance	596,453	--	596,453
Pupil transportation	13,171	--	13,171
Employee benefits	526,172	--	526,172
On-behalf pension contributions	530,485	--	530,485
On-behalf TPAF social security contributions	180,457	--	180,457
Debt service:			
Mortgage payments-principal	207,969	--	207,969
Interest on mortgage note payable	234,937	--	234,937
Total expenditures	6,095,210	100,816	6,196,026
Excess of revenues over expenditures	141,250	--	141,250
OTHER FINANCING SOURCES (USES)			
Transfer to Food Service Food	(10,000)	--	(10,000)
Total other financing sources and uses	(10,000)	--	(10,000)
Net change in fund balance	131,250	--	131,250
Fund balance - July 1	434,511	--	434,511
Fund balance - June 30	$ 565,761	$ --	$ 565,761

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

Princeton Charter School
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2017

Exhibit B-3

Net change in fund balance - governmental funds (from B-2)			$ 131,250
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 exceeded capital outlays in the period.			
	Depreciation expense	(522,719)	
	Capital additions	--	(522,719)
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience / assumption. This is the amount by which net pension liability and deferred infows / outflows related to pension changed during the period.			(235,791)
Governmental funds report the effect of refunding transactions when the debt is first issued, but the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred loss on refunding.			(39,970)
Repayment of mortgage note is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.			207,969
Change in net position of governmental activities			$ (459,261)

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

Princeton Charter School
Statement of Net Position
Proprietary Funds
June 30, 2017

Exhibit B-4

	Enterprise Funds		
	Food Service	After School Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ --	$ 4,805	$ 4,805
Other receivables	9,633	18,257	27,890
Receivables from other governments	4,192	--	4,192
Total current assets	13,825	23,062	36,887
Noncurrent assets:			
Equipment	18,820	--	18,820
Less: Accumulated depreciation	(6,048)	--	(6,048)
Total capital assets, net	12,772	--	12,772
Total assets	26,597	23,062	49,659
LIABILITIES			
Current liabilities:			
Cash overdraft	17,856	--	17,856
Accounts payable	9,599	--	9,599
Total current liabilities	27,455	--	27,455
NET POSITION			
Invested in capital assets net of related debt	12,772	--	12,772
Unrestricted	(13,630)	23,062	9,432
Total net position	$ (858)	$ 23,062	$ 22,204

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

Princeton Charter School
Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2017

Exhibit B-5

	Enterprise Funds		
	Food Service	After School Activities	Total
Operating revenues:			
Local sources:			
Daily food sales - reimbursable programs	$ 87,899	$ --	$ 87,899
Miscellaneous program fees	--	124,346	124,346
Total operating revenues	87,899	124,346	212,245
Operating expenses:			
Cost of sales	85,110	--	85,110
Salaries	21,586	84,796	106,382
Benefits	--	6,490	6,490
Miscellaneous program expense	9	2,530	2,539
Professional services	--	3,520	3,520
Purchased property services	--	29,062	29,062
Supplies and materials	--	14,104	14,104
Depreciation	1,255	--	1,255
Total operating expenses	107,960	140,502	248,462
Operating (loss)	(20,061)	(16,156)	(36,217)
Non-operating revenue:			
State sources:			
State school lunch program	702	--	702
Federal sources:			
National school lunch program	8,185	--	8,185
Local sources:			
Friends of PCS	--	20,000	20,000
Total non-operating revenue	8,887	20,000	28,887
Transfers in	10,000	--	10,000
Change in net position	(1,174)	3,844	2,670
Net position - beginning	316	19,218	19,534
Net position - ending	$ (858)	$ 23,062	$ 22,204

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

Princeton Charter School
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

Exhibit B-6

	Enterprise Funds		
	Food Service	**After School Activities**	**Total**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 81,058	$ 113,490	$ 194,548
Payments to employees	(21,586)	(84,796)	(106,382)
Payments to suppliers	(75,520)	(55,706)	(131,226)
Net cash used by operating activities	(16,048)	(27,012)	(43,060)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State sources	487	--	487
Federal sources	5,561	--	5,561
Local sources	--	20,000	20,000
Cash received from operating transfers	10,000	--	10,000
Net cash provided by non-capital financing activities	16,048	20,000	36,048
Net change in cash	--	(7,012)	(7,012)
Balances - beginning of year, July 1	--	11,817	11,817
Balances - end of year, June 30	$ --	$ 4,805	$ 4,805
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$ (20,061)	$ (16,156)	$ (36,217)
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation	1,255	--	1,255
Change in accounts receivable	(7,339)	(10,856)	(18,195)
Change in cash overdraft	8,013	--	8,013
Change in unearned revenue	(7,515)	--	(7,515)
Change in accounts payable	9,599	--	9,599
Net cash used by operating activities	$ (16,048)	$ (27,012)	$ (43,060)

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

Princeton Charter School
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

Exhibit B-7

	Unemployment Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	$ 10,387	$ 2,805
Receivables from other governments:		
Federal	--	4,016
State	--	528
Total assets	$ 10,387	$ 7,349
LIABILITIES		
Prepaid employee FSA claims	$ --	$ 2,809
Interfund payable	--	4,540
Total liabilities	--	$ 7,349
NET POSITION		
Held in trust for unemployment claims	$ 10,387	

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

Princeton Charter School
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2017

Exhibit B-8

Unemployment Trust Fund

ADDITIONS	
Contributions:	
Plan members	$ 10,387
DEDUCTIONS	
Transfer to General Fund to cover unemployment claims	4,891
Change in net position	5,496
Net position, beginning of year	4,891
Net position, end of year	$ 10,387

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

1. Summary of Significant Accounting Policies

The financial statements of Princeton Charter School (the "School") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are disclosed below.

Reporting Entity
The School is an instrumentality of the State of New Jersey, established to function as an educational institution. The School's board of trustees consists of nine elected officials who are elected by the parents / guardians of Princeton Charter School students. Each elected Board member serves a three-year term. The Board is responsible for the fiscal control of the School. A Head of School is appointed by the Board and is responsible for the administrative control of the School. The purpose of the School is to provide instruction to students grades K through 8.

The financial reporting entity consists of a) the charter school, b) organizations for which the charter school is financially accountable, and c) other organizations for which the nature and significance of their relationship with the charter school 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 charter school 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 charter school. A charter school may also be financially accountable for governmental organizations that are fiscally dependent on it.

The School has oversight responsibility and control over all activities related to Princeton Charter School in Princeton, New Jersey. The School receives funding from local, State, and Federal government sources and must comply with the requirements of these funding source entities.

The School 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".

Charter School-Wide and Fund Financial Statements
The charter school-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental 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. Equalization Aid and other items not 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 schools in the State of New Jersey.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The charter school-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. Equalization Aid is recognized as revenue in the year for which it is recorded and earned. 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 School considers revenue to be available if they are collected within 60 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. General capital assets acquisitions are reported as expenditures in governmental funds.

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

The School has reported the following governmental funds:

General Fund: The general fund is the general operating fund of the School and is used to account for all financial resources except those required to be accounted for in another fund. Capital outlay is also included in the general fund.

Special Revenue Fund: The School 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.

The School reports the following proprietary funds:

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.

After School Activities Enterprise Fund: The after school activities enterprise fund accounts for all revenues and expenses pertaining to after school programs. 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.

The School reports the following fiduciary fund types:

Trust Funds: The unemployment compensation fund is accounted for in essentially the same manner as governmental funds. It 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.

Agency Funds: Agency funds are used to account for the assets that the School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Enterprise funds distinguish operating revenues and expenses from non-operating 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 School's enterprise funds are charges for sales of food, tuition, and program fees. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets, if applicable. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The School reports unearned revenue on its balance sheets and statements of net position. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School 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 School 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.

Budgets / Budgetary Control

Annual appropriated budgets are prepared in March of each year for the general and special revenue and submitted to the Charter School Office of School Finance after formal Board approval by March 30th. 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 of the total budget. The line items accounts are defined and established pursuant to the minimum chart of accounts referred in N.J.A.C.6A:23 and then flow into the charter school described formal Line 108 report. Total instructional expenditures must at least 60 percent of the total budget. All budget amendments must be approved by Board resolution. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the School 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 School 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 special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and 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.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, amounts on deposit, money market accounts, and short-term investments with original maturities of three months or less. Investments are stated at fair value in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (“GASB 31”). The School 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.

Inter-Fund Receivables / Payables
Inter-fund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School and that are due within one year.

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

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

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

Description	Estimated Useful Lives (Years)
Land improvements	20
Buildings and buildings improvements	25-50
Machinery and equipment	5-20
Computer software	5
Vehicles	5-10

Accrued Salaries and Wages
The School does not have a summer payment plan; the only wages accrued are for hourly employees whose salaries are earned but not paid by year-end.

Compensated Absences
School employees are granted varying amounts of vacation and sick leave in accordance with the School's personnel policy. The School does not offer monetary compensation for unused sick or vacation time.

Long-Term Obligations
In the charter school-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements the current portion of principal and interest expense are recognized. The School presently has a mortgage note payable with an interest rate swap attached to it.

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) *Non-spendable* - 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 School's highest level of decision-making authority is the Board of Trustees (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be 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 which 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 School's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the School first spends committed funds, then assigned funds, and finally, unassigned funds.

The general fund balance at June 30, 2017 is $565,761 and is unassigned.

Deferred Outflows / Inflows of Resources
GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The adoption of this statement resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows 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.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65") establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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.

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. The amounts are not required to be included in the School's annual budget.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and December 1, 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 School that would require disclosure.

2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between fund balance (total governmental funds) and net position (governmental activities) as reported in the charter school-wide statement of net position. One element of that reconciliation explains that capital assets used in governmental activities are financial resources and therefore are not reported in the fund. The details of this $10,632,528 are as follows:

Land	$ 2,560,000
Site improvements	307,441
Less: Accumulated depreciation - site improvements	(213,650)
Building and building improvements	12,428,881
Less: Accumulated depreciation - building and building improvements	(4,728,925)
Machinery and equipment	1,106,650
Less: Accumulated depreciation - machinery and equipment	(827,869)
Net adjustment to increase fund balance - total govermental funds to arrive at net position - governemental activities	$ 10,632,528

3. Deposits and Investments

New Jersey Schools 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 Schools. Additionally, the School 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.

Deposits

New Jersey statutes require that schools 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. Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund, M.B.I.A. CLASS 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 percent 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 School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the School's deposits and investments are exposed to custodial credit risk.

At June 30, 2017, the School's carrying value of its deposits was $530,770 and the bank balance was $593,688.

Based on levels of risk, $250,000 of the School's cash deposits on June 30, 2017 were secured by federal depository insurance and the remaining bank balance of $324,358 were covered by the New Jersey Governmental Unit Deposit Protection Act.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the School'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 School 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 School 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 School's deposits were fully collateralized by funds held by financial institutions, but not in the name of the School. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments
New Jersey statutes permit the School 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, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial Credit Risk: The School 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 School 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 School places no limit on the amount the School may invest in any one issuer. At June 30, 2017, the School had no investments.

Interest Rate Risk: The School does not have a policy to limit interest rate risk. The School did not have any funds held as investments during the fiscal year ending on 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	Purchases/ Increases	Retirements/ Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Sites (land)	$ 2,560,000	$ --	$ --	$ 2,560,000
Total capital assets not being depreciated	2,560,000	--	--	2,560,000
Capital assets being depreciated				
Site improvements	307,441	--	--	307,441
Buildings and building improvements	12,428,881	--	--	12,428,881
Machinery and equipment	1,106,650	--	--	1,106,650
Total capital assets being depreciated	13,842,972	--	--	13,842,972
Governmental activities capital assets	16,402,972	--	--	16,402,972
Less accumulated depreciations for:				
Site improvements	(202,046)	(11,604)	--	(213,650)
Buildings and building improvements	(4,276,049)	(452,876)	--	(4,728,925)
Machinery and equipment	(769,630)	(58,239)	--	(827,869)
	(5,247,725)	(522,719)	--	(5,770,444)
Governmental activities capital assets, net of accumulated depreciation	$ 11,155,247	$ (522,719)	$ --	$ 10,632,528

Depreciation expense was charged to governmental functions as follows:

Regular instruction	$ 8,980
Other instruction	87
Student and instruction related services	12,671
School administrative services	20,301
Plant operations and maintenance	623
Unallocated, not included elsewhere	480,057
	$ 522,719

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

	Beginning Balance	Purchases/ Increases	Retirements/ Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Furniture and equipment	$ 18,820	$ --	$ --	$ 18,820
Less accumulated depreciation	(4,793)	(1,255)	--	(6,048)
Business-type activities capital assets, net of accumulated depreciation	$ 14,027	$ (1,255)	$ --	$ 12,772

5. Long-Term Liabilities

The $7,391,000 loan requires monthly payments of principal and interest through maturity in July 2040 at which time all unpaid principal and interest is due. Interest accrues at a rate of 65 percent of the one-month LIBOR (1.23 percent at June 30, 2017) plus 2.00 percent. The School also entered into an interest rate swap agreement with the Bank for the first twenty years to reduce the impact of changes in the interest rate on this variable rate loan. The notional amount under the interest rate swap decreases as principal payments are made on the loan. The fair market value of the interest rate swap on June 30, 2017 was a liability of $266,380. The loan balance at June 30, 2017 was $7,027,288.

The $365,000 loan requires monthly payments of principal and interest through maturity in July 2035 at which time all unpaid principal and interest is due. Interest accrues at a rate of the one-month LIBOR (1.23 percent at June 30, 2017) plus 2.00 percent. The loan balance at June 30, 2017 was $335,800.

In conjunction with the issuance of these loans, the School also entered into a line of credit agreement with the Bank. The line of credit agreement has a maximum borrowing capacity of $500,000 and expires on June 30, 2017. Interest accrues at the Prime rate (4.25 percent at June 30, 2017). Monthly interest-only payments are due. All unpaid principal and interest is due at maturity. The School did not draw down any amount on the line as of June 30, 2017.

The loans and line of credit are collateralized by all property of the School and an assignment of leases and rents.

Principal and interest on the loans are as follows for the years ending June 30:

	Principal	Interest	Total
2018	$ 222,144	$ 222,964	$ 445,108
2019	229,064	216,044	445,108
2020	236,200	208,907	445,108
2021	243,560	201,547	445,108
2022	251,151	193,957	445,108
2023-2029	1,991,521	1,124,234	3,115,755
2030-2036	2,469,334	646,421	3,115,755
2037-2041	1,720,114	108,406	1,828,520
Total	$ 7,363,088	$ 2,922,480	$ 10,285,570

Mortgage note payable is liquidated by the general fund. Principal and interest due within one year amount to $222,144 and $222,964, respectively.

The loan agreement with the Bank contains a debt service coverage ratio test as follows:

	2017	2016	2015	Average	Use	From
Change in net position	(456,591)	(231,809)	(514,788)			A-2
Add back:						
Interest	234,937	220,722	300,679			B-2
Mortgage principal payments	207,969	183,726	323,818			B-2
Depreciation	522,719	548,780	561,049			B-3
EBIDA	509,034	721,419	670,758	633,737	633,737	
Current portion of long-term debt	222,144				222,144	A-1
Interest expense (current reporting period)	234,937				234,937	B-2
					457,081	
Ratio					1.39	
Benchmark					1.05	
Result					Pass	

The refunding of the School's outstanding mortgage debt resulted in a loss on refunding of $616,200 in 2015. In accordance with GASB No. 65, the loss is classified as a deferred outflow of resources. The deferred outflow of resources is amortized as a component of interest expense over the shorter of the life of the old or new debt. This deferred outflow of resources will be recognized in interest expense as follows for the years ended June 30:

2018	$	39,970
2019		39,970
2020		39,970
2021		39,970
2022		39,970
2023-2029		279,790
2030-2036		56,620
Total	$	536,260

6. Pension Plans

Description of Plans

All required employees of the School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at http://www.state.nj.us/treasury/pensions/annrprts.shtml. 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.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multi-employer defined benefit plan with a special funding situation, by which the State of New Jersey is responsible to fund 100 percent of employer contributions, excluding any local employer early retirement incentive contributions. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional, and certified.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the School are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the School (employer) does 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 School. However, the state's portion of the net pension liability that was associated with the School was $19,411,831 as measured on June 30, 2016 and $16,470,577 as measured on June 30, 2015.

For the year ended June 30, 2017, the School recognized pension expense of $1,458,529 and revenue of $1,458,529 for support provided by the State. The measurement period for the pension expense and revenue reported in the School's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

Although the School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan:

Collective deferred outflows of resources	$	15,702,750,875
Collective deferred inflows of resources	$	134,532,594
Collective net pension liability (Non-employer: State of New Jersey)	$	78,666,367,052
State's portion of the net pension liability that was associated with the School	$	19,411,831
State's portion of the net pension liability that was associated with the School as a percentage of the collective net pension liability		0.024676%

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, applied to all periods in the measurement:

Inflation:	2.50 percent
Salary increases:	Varies based on experience
Investment rate of return:	7.65 percent

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 percent 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.39%
Government Bonds	1.50%	1.28%
Credit Bonds	13.00%	2.76%
Mortgages	2.00%	2.38%
Inflation-indexed bonds	1.50%	1.41%
High yield bonds	2.00%	4.70%
Equity market	26.00%	5.14%
Foreign - developed equity	13.25%	5.91%
Emerging market equities	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 - multi strategy	5.00%	3.70%
Hedge funds - equity hedge	3.75%	4.72%
Hedge funds - distressed	3.75%	3.49%

Discount Rate

The discount rate used to measure the State's total pension liability was 3.22 percent 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 percent, and a municipal bond rate of 2.85 percent 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 percent 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 bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Since the School has no proportionate share of the net pension liability because of the special funding situation, the School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan’s sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf16.pdf

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml.

Public Employees’ Retirement System

The Public Employees' Retirement System (“PERS”) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2017, the School reported a liability of $1,355,529 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 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 School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2016. At June 30, 2016, the School's proportion was 0.00458%, which was an increase of 0.0015% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School recognized pension expense of $188,370. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ --	$ --
Changes of assumptions	280,793	--
Net difference between projected and actual earnings on pension plan investments	25,209	51,688
Changes in proportion and differences between School contributions and proportionate share oif contributions	263,580	--
School contributions subsequent to the measurement date	40,660	--
	$ 610,242	$ 51,688

$40,660 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ended June 30:

2016	$ 116,599
2017	116,599
2018	135,084
2019	113,490
Thereafter	36,122
Total	$ 517,894

The collective amounts are the total of all New Jersey local governments participating in the PERS plan:

Collective deferred outflows of resources	$ 8,685,338,380
Collective deferred inflows of resources	$ 870,133,595
Collective net pension liability (Non-state: local group)	$ 29,617,131,759
School's portion of net pension liability	$ 1,355,529
School's proportion %	0.00457684%

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 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:	3.08 percent
Salary increases:	
Through 2026	1.65 percent - 4.15 percent based on age
Thereafter	2.65 percent - 5.15 percent based on age
Investment rate of return:	7.65 percent

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

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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65 percent 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 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:

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 equities	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%

Discount Rate

The discount rate used to measure the total pension liability was 3.98 percent 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 percent, and a municipal bond rate of 2.85 percent 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 employers contributed 30 percent of the actuarially determined contributions and the local employers contributed 100 percent 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.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the School's proportionate share of the net pension liability 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:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
School's proportionate share of the net pension liability	$ 1,661,043	$ 1,355,529	$ 1,103,301

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml.

Defined Contribution Retirement Plan

The Defined Contribution Retirement Program ("DCRP") was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2 percent of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS") operate and to the benefit provisions of those systems.

New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1 percent for each month that the member is under age 65. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years. There were increases in active member contribution rates. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rate increase from 8.5 percent to 10 percent. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.

The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. There were new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5 percent of salary. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements

The contribution policy set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 ("PERS") and N.J.S.A. 18:66 ("TPAF") requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06 percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.34 percent and the PERS rate is 7.34 percent of covered payroll.

During the year ended June 30, 2017, the State of New Jersey contributed $530,485 to the TPAF for post-retirement medical benefits and pensions on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the School $180,457 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 charter school-wide and fund financial statements.

The School's actuarially determined contributions to PERS for the years ended June 30, 2017, 2016 and 2015 were $41,065, $26,579, and $24,676, respectively, equal to the required contributions for each year.

Employees contribute 5.5% of their contracted salary to the DCRP and employers contribute 3% of the contracted salary. Princeton Charter School contributed to DCRP the amounts as follows: $7,964, $6,335, and $5,606, for the fiscal years ended, June 30, 2017, 2016, and 2015, respectively.

7. Post-Retirement Benefits

Plan Description

The School contributes to the New Jersey State Health Benefits Program ("SHBP"), a cost-sharing multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provides 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. 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 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 School for the years ended June 30, 2017, 2016 and 2015 were $196,521, $186,461 and $179,052, 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 School was not determined or made available by the State of New Jersey.

8. Risk Management

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

Property and Liability Insurance

The School participates in the New Jerseys Insurance Group ERIC North sub 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 School 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 coverage over the past three years.

New Jersey Unemployment Compensation Insurance

The School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School is billed quarterly for amounts due to the State.

9. Supplementary Retirement Plan

The School offers its employees a supplementary retirement plan created in accordance with Internal Revenue Code Section 403(b) and 415. The plan, which is administered by the School and TIAA CREF, 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 School has no liability for losses under the plan.

10. Inter-Fund Activity

The following presents a reconciliation of inter-fund receivables and payables as of June 30, 2017:

	Due from	Due to
Agency fund (payroll)	$ --	$ 4,540
General fund	4,540	--
	$ 4,540	$ 4,540

The following presents a reconciliation of transfers during the 2017 fiscal year:

	Transfers in	Transfers out
After School Program	$ --	$ 6,204
General Fund	--	10,000
Food Service Fund	10,000	--
Chess Program	4,926	--
After School Clubs	1,278	--
	$ 16,204	$ 16,204

In addition to the above noted inter-fund activity, the School's general fund charged rent of approximately $20,000 to the After School Program for the use of facilities.

11. Economic Dependency

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

12. Restricted Assets

The School does not have any restricted assets.

13. Commitments

The School has a commitment for a janitorial service contract which expires June 30, 2018 for an amount not to exceed $78,000 per year.

The School has a commitment for a lunch service contract which expires June 30, 2018. The contract is based on the number of lunches ordered.

The School leases office space to the Princeton Symphony Orchestra. The office space is located in the Marsee Center (business office) on the School's campus. The current lease expires on July 14, 2020. The monthly rental income for the current period is $1,800 and increases slightly each year.

14. Operating Lease

The School leases photocopiers for the school building and the business office under leases expiring at various points through May 2019. Future lease payments are as follows:

Year	Amount	
2018	$	21,452
2019		19,067
	$	40,519

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

Princeton Charter School
Budgetary Comparison Schedule – Budgetary Basis
General Fund
Year Ended June 30, 2017

Exhibit C-1
Page 1 of 2

Exhibit C-1
Page 1 of 2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources					
Equalization aid	$ 4,952,634	$ --	$ 4,952,634	$ 4,693,659	$ (258,975)
Grants and contributions not restricted to specific programs	75,000	--	75,000	152,000	77,000
Miscellaneous	56,250	--	56,250	41,790	(14,460)
Total Local Sources	5,083,884	--	5,083,884	4,887,449	(196,435)
State Sources					
Adjustment aid	287,796	--	287,796	444,580	156,784
Security aid	25,425	--	25,425	24,460	(965)
Special education aid	72,063	--	72,063	38,151	(33,912)
Non-public aid	--	--	--	130,878	130,878
TPAF - pension contribution (on-behalf non-budgeted)	--	--	--	530,485	530,485
TPAF - social security (reimbursed non-budgeted)	--	--	--	180,457	180,457
Total State Sources	385,284	--	385,284	1,349,011	963,727
Total Revenues	5,469,168	--	5,469,168	6,236,460	767,292
EXPENDITURES:					
Instruction					
Salaries of teachers	2,285,128	--	2,285,128	2,317,285	(32,157)
Other salaries for instruction	203,156	--	203,156	194,258	8,898
Purchased professional / technical services	26,000	--	26,000	37,717	(11,717)
Other purchased services	21,823	--	21,823	21,452	371
General supplies	100,000	--	100,000	65,484	34,516
Textbooks	33,000	--	33,000	36,346	(3,346)
Miscellaneous expenses	5,000	--	5,000	5,914	(914)
Total Instructional Expenses	2,674,107	--	2,674,107	2,678,456	(4,349)
Administrative					
Salaries - administrative	368,048	--	368,048	268,013	100,035
Salaries - secretarial and clerical assistants	228,320	--	228,320	228,320	--
Total benefit costs	615,000	--	615,000	526,172	88,828
Purchased professional / technical services	137,000	--	137,000	172,107	(35,107)
Other purchased services	72,000	--	72,000	129,677	(57,677)
Communications / telephone	22,100	--	22,100	18,518	3,582
General supplies	12,000	--	12,000	8,908	3,092
Mortgage note payments - interest	247,215	--	247,215	234,937	12,278
Unemployment insurance	--	--	--	10,540	(10,540)
Workers compensation	--	--	--	33,848	(33,848)
Miscellaneous expenditures	54,000	--	54,000	49,240	4,760
Total Administrative Expenses	1,755,683	--	1,755,683	1,680,280	75,403

Princeton Charter School
Budgetary Comparison Schedule – Budgetary Basis
General Fund
Year Ended June 30, 2017

Page 2 of 2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services					
Salaries	$ 373,325	$ --	$ 373,325	$ 421,779	$ (48,454)
Purchased professional / technical services	158,500	--	158,500	135,259	23,241
Other purchased services	133,545	--	133,545	105,684	27,861
Insurance for property, liability, and fidelity	46,998	--	46,998	17,779	29,219
Supplies and materials	58,000	--	58,000	35,981	22,019
Transportation - other than to/from school	14,000	--	14,000	13,171	829
Energy (energy and electricity)	115,500	--	115,500	87,910	27,590
Total Support Services	899,868	--	899,868	817,563	82,305
ON-BEHALF CONTRIBUTIONS					
TPAF - pension contribution (on-behalf non-budgeted)	--	--	--	530,485	(530,485)
TPAF - social security (reimbursed non-budgeted)	--	--	--	180,457	(180,457)
TOTAL ON-BEHALF CONTRIBUTIONS	--	--	--	710,942	(710,942)
CAPITAL OUTLAY					
Instructional equipment	--	--	--	--	--
Non-instructional equipment	--	--	--	--	--
Purchase land / improvements	--	--	--	--	--
Mortgage note payments - principal	207,929	--	207,929	207,969	(40)
TOTAL CAPITAL OUTLAY	207,929	--	207,929	207,969	(40)
TOTAL EXPENDITURES	5,537,587	--	5,537,587	6,095,210	(557,623)
(Deficiency) Excess of Revenues Over Expenditures	(68,419)	--	(68,419)	141,250	209,669
OTHER FINANCING SOURCES (USES)					
Transfer to Food Service Food	--	--	--	(10,000)	10,000
TOTAL OTHER FINANCES SOURCES (USES)	--	--	--	(10,000)	10,000
(Deficiency) Excess of Revenues and Other Financing Sources (Uses) (Under) Over Expenditures and Other Financing Uses	(68,419)	--	(68,419)	131,250	219,669
Fund Balance, July 1	195,289	(34,745)	160,544	434,511	--
Fund Balance, June 30	$ 126,870	$ (34,745)	$ 92,125	$ 565,761	$ 219,669
Recapitulation:					
Assigned Fund Balance				$ --	
Unassigned Fund Balance				565,761	
Fund Balance per Governmental Funds (GAAP)				$ 565,761	

Princeton Charter School
Budgetary Comparison Schedule – Budgetary Basis
Special Revenue Fund
Year Ended June 30, 2017

Exhibit C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources	$ 22,303	$ --	$ 22,303	$ 22,303	$ --
State sources	2,500	--	2,500	2,500	--
Federal sources	76,013	--	76,013	76,013	--
Total Revenues	**100,816**	**--**	**100,816**	**100,816**	**--**
EXPENDITURES:					
Support services					
Purchased professional - educational services	55,956	--	55,956	55,956	--
Other purchased professional services	20,928	--	20,928	20,928	--
Supplies and materials	1,567	--	1,567	1,567	--
Salaries	22,365	--	22,365	22,365	--
Total Expenditures	**100,816**	**--**	**100,816**	**100,816**	**--**
Excess of Revenues Over Expenditures	**$ --**	**$ --**	**$ --**	**$ --**	**$ --**

Exhibit C-3

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

	General Fund	Special Revenue Fund
Sources / inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	$ 6,236,460	$ 100,816
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 6,236,460	$ 100,816
Uses / outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 6,095,210	$ 100,816
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 6,095,210	$ 100,816

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions on the annual budgets during the year).

Formal budgetary integration into the accounting is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

Princeton Charter School **Exhibit C-4**
Schedule of the School's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

Teachers' Pension and Annuity Fund (TPAF)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
School's proportion of the net pension liability (asset) **							N/A	N/A	N/A	N/A
School's proportionate share of the net pension liability (asset) **							N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the School							$ 11,771,513	$ 13,256,103	$ 16,470,577	$ 19,411,831
Total							$ 11,771,513	$ 13,256,103	$ 16,470,577	$ 19,411,831
School's covered employee payroll							$ 2,563,929	$ 2,474,124	$ 2,262,360	$ 2,549,591
School'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
Plan fiduciary net position as a percentage of the total pension liability							33.76%	33.64%	28.71%	22.33%

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the School (employer) does not contribute directly to the plan, there is no net pension liability to report in the financial statements of the School.

Public Employees' Retirement System (PERS)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
School's proportion of the net pension liability (asset) **							0.002902%	0.002993%	0.003092%	0.004577%
School's proportionate share of the net pension liability (asset) **							$ 554,808	$ 560,420	$ 693,990	$ 1,355,529
School's covered employee payroll							$ 207,000	$ 213,250	$ 194,994	$ 345,651
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll							268.02%	262.80%	355.90%	392.17%
Plan fiduciary net position as a percentage of the total pension liability							48.72%	52.08%	47.93%	40.14%

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Princeton Charter School **Exhibit C-5**
Schedule of School Contributions
Last Ten Fiscal Years*

Teachers' Pension and Annuity Fund (TPAF)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution **							N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **							N/A	N/A	N/A	N/A
Contribution deficiency (excess)							N/A	N/A	N/A	N/A
School's covered employee payroll							$ 2,563,929	$ 2,474,124	$ 2,262,360	$ 2,549,591
Contributions as a percentage of covered-employee payroll							N/A	N/A	N/A	N/A

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The School does not contribute to the plan.

Public Employees' Retirement System (PERS)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution							$ 21,873	$ 24,676	$ 26,579	$ 40,660
Contributions in relation to the contractually required contribution							$ (21,873)	$ (24,676)	$ (26,579)	$ (40,660)
Contribution deficiency (excess)							$ --	$ --	$ --	$ --
School's covered employee payroll							$ 207,000	$ 213,250	$ 194,994	$ 345,651
Contributions as a percentage of covered-employee payroll							0.105666667	0.115713951	0.136306758	0.117633104

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Teachers' Pension and Annuity Fund (TPAF)

Changes of Benefit Terms
There were none.

Changes of Assumptions
The discount rate was changed from 4.90 percent as of June 30, 2015 to 3.98 percent as of June 30, 2016. The municipal bond rate changed from 3.80 percent to 2.85 percent. The long-term expected rate of return on pension plan investments changed from 7.90 percent to 7.65 percent.

The inflation rate changed from 3.04 percent as of June 30, 2015 to 3.08 percent as of June 30, 2016. The salary increases changed from 2.15 percent – 4.40 percent for 2012 – 2021 to 1.65 percent – 4.15 percent through 2026 and from 3.15 percent – 5.40 percent thereafter to 2.65 percent to 5.15 percent thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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

Public Employees' Retirement System (PERS)

Changes of Benefit Terms
There were none.

Changes of Assumptions
The discount rate was changed from 4.13 percent as of June 30, 2015 to 3.22 percent as of June 30, 2016. The municipal bond rate changed from 3.80 percent to 2.85 percent. The long-term expected rate of return on pension plan investments changed from 7.90 percent to 7.65 percent.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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 years average of Social Security data from 1993 to 2013.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL BASED BUDGET SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

Princeton Charter School
Special Revenue Fund
Combining Schedule 2017

Exhibit E-1

	NCLB Title II Part A	NCLB Title I	IDEA Basic	IDEA Preschool	NJSIG Safety Grant	Other Misc.	Total 6/30/2017
REVENUES							
Local sources	$ --	$ --	$ --	$ --	$ --	$ 22,303	$ 22,303
State sources	--	--	--	--	2,500	--	2,500
Federal sources	4,031	22,557	48,404	1,021	--	--	76,013
Total Revenues	**$ 4,031**	**$ 22,557**	**$ 48,404**	**$ 1,021**	**$ 2,500**	**$ 22,303**	**$ 100,816**
EXPENDITURES							
Support services:							
Purchased professional - educational services	$ --	$ --	$ 48,404	$ 1,021	$ --	$ --	$ 49,425
Other purchased professional services	4,031	22,365	--	--	2,500	22,495	51,391
Total Expenditures	**$ 4,031**	**$ 22,365**	**$ 48,404**	**$ 1,021**	**$ 2,500**	**$ 22,495**	**$ 100,816**

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

ENTERPRISE FUND

Princeton Charter School
Enterprise Fund
Combining Statement of Net Position
June 30, 2017

Exhibit G-1

	Food Service	After School Program	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ --	$ 4,805	$ 4,805
Other receivables	9,633	18,257	27,890
Receivables from other governments	4,192	--	4,192
Total current assets	13,825	23,062	36,887
Non-current assets:			
Equipment	18,820	--	18,820
Less: Accumulated depreciation	(6,048)	--	(6,048)
Total capital assets, net	12,772	--	12,772
Total assets	26,597	23,062	49,659
LIABILITIES			
Current liabilities:			
Cash overdraft	17,856	--	17,856
Accounts payable	9,599	--	9,599
Total current liabilities	27,455	--	27,455
NET POSITION			
Invested in capital assets, net of related debt	12,772	--	12,772
Unrestricted	(13,630)	23,062	9,432
Total net position	$ (858)	$ 23,062	$ 22,204

Princeton Charter School
Enterprise Fund
Combining Statement of Revenue, Expenses and Changes in Fund Net Position
Year Ended June 30, 2017

Exhibit G-2

	Food Service	After School Program	Chess Program	After School Clubs	Total Enterprise
Operating revenues:					
Charges for services:					
School lunch program	$ 87,899	$ --	$ --	$ --	$ 87,899
Miscellaneous program revenue	--	104,698	11,350	8,298	124,346
Total operating revenues	87,899	104,698	11,350	8,298	212,245
Operating expenses:					
Cost of sales	85,110	--	--	--	85,110
Salaries	21,586	49,234	15,119	20,443	106,382
Benefits	--	3,768	1,157	1,565	6,490
Miscellaneous program expense	9	--	--	2,530	2,539
Professional services	--	--	--	3,520	3,520
Purchased property services	--	29,062	--	--	29,062
Supplies and materials	--	12,586	--	1,518	14,104
Depreciation	1,255	--	--	--	1,255
Total operating expenses	107,960	94,650	16,276	29,576	248,462
Operating (loss) income	(20,061)	10,048	(4,926)	(21,278)	(36,217)
Non-operating revenue:					
State sources:					
State school lunch program	702	--	--	--	702
Federal sources:					
National school lunch program	8,185	--	--	--	8,185
Local sources:					
Friends of PCS	--	--	--	20,000	20,000
Total non-operating revenue	8,887	--	--	20,000	28,887
(Loss) income before transfers	(11,174)	10,048	(4,926)	(1,278)	(7,330)
Transfers in (out)	10,000	(6,204)	4,926	1,278	10,000
Change in net position	(1,174)	3,844	--	--	2,670
Total net position - beginning	316	19,218	--	--	19,534
Total net position - ending	$ (858)	$ 23,062	$ --	$ --	$ 22,204

Princeton Charter School
Enterprise Fund
Combining Statement of Cash Flows
Year Ended June 30, 2017

Exhibit G-3

	Food Service	After School Program	Chess Program	After School Clubs	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 81,058	$ 93,842	$ 11,350	$ 8,298	$ 194,548
Payments to employees	(21,586)	(49,234)	(15,119)	(20,443)	(106,382)
Payments to suppliers	(75,520)	(45,416)	(1,157)	(9,133)	(131,226)
Net cash used by operating activities	(16,048)	(808)	(4,926)	(21,278)	(43,060)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State sources	487	--	--	--	487
Federal sources	5,561	--	--	--	5,561
Local sources	--	--	--	20,000	20,000
Cash received (paid) via operating transfers	10,000	(6,204)	4,926	1,278	10,000
Net cash provided (used) by non-capital financing activities	16,048	(6,204)	4,926	21,278	36,048
Net change in cash and cash equivalents	--	(7,012)	--	--	(7,012)
Balances - beginning of year	--	11,817	--	--	11,817
Balances - end of year	$ --	$ 4,805	$ --	$ --	$ 4,805
Reconciliation of operating (loss) income to net cash used by operating activities:					
Operating (loss) income	$ (20,061)	$ 10,048	$ (4,926)	$ (21,278)	$ (36,217)
Adjustments to reconcile operating (loss) income to net cash used by operating activities					
Depreciation	1,255	--	--	--	1,255
Change in accounts receivable	(7,339)	(10,856)	--	--	(18,195)
Change in cash overdraft	8,013	--	--	--	8,013
Change in unearned revenue	(7,515)	--	--	--	(7,515)
Change in accounts payable	9,599	--	--	--	9,599
Net cash used by operating activities	$ (16,048)	$ (808)	$ (4,926)	$ (21,278)	$ (43,060)

INTERNAL SERVICE FUND
(NOT APPLICABLE)

FIDUCIARY FUNDS

Princeton Charter School
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2017

Exhibit H-1

	Trust	Agency
	Unemployment Trust Fund	Payroll
Assets		
Cash and cash equivalents	$ 10,387	$ 2,805
Receivables from other governments:		
Federal	--	4,016
State	--	528
Total assets	10,387	$ 7,349
Liabilities		
Prepaid employee FSA claims	--	2,809
Interfund payable	--	4,540
Total liabilities	--	$ 7,349
Net Position		
Held in trust for umemployment claims	$ 10,387	

Princeton Charter School
Payroll Agency Fund
Schedule of Cash Receipts and Cash Disbursements
Year Ended June 30, 2017

Exhibit H-4

ASSETS	Balance June 30, 2016	Cash Receipts	Cash Disbursements	Other Activity	Balance June 30, 2017
Cash	$ 2,094	$ 3,874,799	$ 3,874,088	$ --	$ 2,805
Payroll tax receivable - Federal	4,016	--	--	--	4,016
Payroll tax receivable - State of New Jersey	528	--	--	--	528
	4,544	--	--	--	4,544
Total assets	$ 6,638	$ 3,874,799	$ 3,874,088	$ --	$ 7,349
LIABILITIES					
Held in reserve for FSA claims	$ 3,638	$ 4,000	$ 4,829	$ --	$ 2,809
Interfund payable	3,000	1,540	--	--	4,540
Payroll deductions and withholdings	--	3,869,259	3,869,259	--	--
Total liabilities	$ 6,638	$ 3,874,799	$ 3,874,088	$ --	$ 7,349

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School's overall financial health.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

Princeton Charter School **Exhibit J-1**
Net Position by Component,
Last Ten Fiscal Years
Unaudited
(accrual basis of accounting)

	Fiscal Year Ending June 30, 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	$ 4,111,298	$ 2,225,967	$ 5,242,157	$ 5,121,531	$ 5,004,850	$ 4,957,173	$ 4,819,417	$ 3,925,810	$ 3,582,973	$ 3,269,440
Restricted	--	2,749,947	134,626	--	--	--	--	--	--	--
Unrestricted	105,796	77,418	131,891	151,389	441,515	471,291	487,216	342,234	450,774	305,046
Total governmental activities net position	$ 4,217,094	$ 5,053,332	$ 5,508,674	$ 5,272,920	$ 5,446,365	$ 5,428,464	$ 5,306,633	$ 4,268,044	$ 4,033,747	$ 3,574,486
Business-type activities										
Invested in capital assets, net of related debt	$ 781	$ 457	$ 133	$ --	$ --	$ 17,795	$ 16,540	$ 15,285	$ 14,027	$ 12,772
Restricted	--	--	--	--	--	--	--	--	--	--
Unrestricted	33,001	24,767	11,286	4,747	6,492	7,747	6,823	1,761	5,507	9,432
Total business-type activities net position	$ 33,782	$ 25,224	$ 11,419	$ 4,747	$ 6,492	$ 25,542	$ 23,363	$ 17,046	$ 19,534	$ 22,204
Government-wide										
Invested in capital assets, net of related debt	$ 4,112,079	$ 2,226,424	$ 5,242,290	$ 5,121,531	$ 5,004,850	$ 4,974,968	$ 4,835,957	$ 3,941,095	$ 3,597,000	$ 3,282,212
Restricted	--	2,749,947	134,626	--	--	--	--	--	--	--
Unrestricted	138,797	102,185	143,177	156,136	448,007	479,038	494,039	343,995	456,281	314,478
Total school net position	$ 4,250,876	$ 5,078,556	$ 5,520,093	$ 5,277,667	$ 5,452,857	$ 5,454,006	$ 5,329,996	$ 4,285,090	$ 4,053,281	$ 3,596,690

Source: Schedule A-1 and School records

Note: GASB 63 was implemented during the 2014 fiscal year, which required reclassification of balances previously reported as net assets to net position.

Princeton Charter School
Changes in Net Position
Last Ten Fiscal Years
Unaudited
(accrual basis of accounting)

	Fiscal Year Ending June 30, 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	$ 2,614,650	$ 2,663,732	$ 2,971,546	$ 2,685,878	$ 2,949,759	$ 3,137,509	$ 3,189,500	$ 3,618,617	$ 3,953,523	$ 4,445,743
Special education	--	--	--	--	--	--	--	--	--	--
Other instruction	23,503	30,668	59,775	59,986	59,722	--	--	--	--	--
Support services										
Student & instruction related services	87,640	72,543	88,880	100,400	81,823	233,646	326,853	560,201	329,174	466,995
School administrative services	--	--	--	--	--	--	--	--	--	--
General administrative services	559,425	690,588	647,099	1,047,591	1,023,426	1,083,136	1,110,063	1,228,372	1,306,584	1,353,676
Plant operations and maintenance	445,182	624,803	611,299	483,691	617,157	580,042	634,119	695,803	674,854	680,032
Pupil transportation	16,387	20,879	25,654	13,594	12,518	10,157	14,222	12,446	11,958	13,171
Interest on long-term debt	228,195	468,286	60,394	352,690	339,570	327,663	313,140	313,193	260,692	274,907
Sinking fund	--	238,140	394,915	--	--	--	--	--	--	--
Unallocated depreciation	200,432	240,594	297,646	474,303	486,583	490,996	496,918	496,953	497,495	480,057
Total governmental activities expenses	4,175,414	5,050,233	5,157,208	5,218,133	5,570,558	5,863,149	6,084,815	6,925,585	7,034,280	7,714,581
Business-type activities:										
Food service	89,850	101,230	114,095	127,178	120,753	59,438	96,982	94,412	93,933	107,960
Chess program	--	--	--	--	12,250	17,950	11,850	13,686	15,900	16,276
Summer camps	--	--	--	--	13,151	19,367	--	--	--	--
After school program	24,042	49,178	50,608	46,316	34,146	33,227	43,715	52,842	47,360	94,650
After school clubs	--	--	--	--	--	7,100	12,490	18,544	25,918	29,576
Total business-type activities expense	113,892	150,408	164,703	173,494	180,300	137,082	165,037	179,484	183,111	248,462
Total school expenses	$ 4,289,306	$ 5,200,641	$ 5,321,911	$ 5,391,627	$ 5,750,858	$ 6,000,231	$ 6,249,852	$ 7,105,069	$ 7,217,391	$ 7,963,043
Program Revenues										
Governmental activities:										
Operating grants and contributions	$ 313,934	$ 249,844	$ 378,230	$ 486,230	$ 465,918	$ 608,485	$ 554,157	$ 1,132,893	$ 1,359,703	$ 1,777,953
Capital grants and contributions	--	769,832	690,029	--	--	--	--	--	--	--
Total governmental activities program revenues	313,934	1,019,676	1,068,259	486,230	465,918	608,485	554,157	1,132,893	1,359,703	1,777,953
Business-type activities:										
Charges for services										
Food service	$ 58,560	$ 73,512	$ 90,780	$ 109,891	$ 108,007	$ 37,104	$ 74,650	$ 76,947	$ 77,294	$ 87,899
Chess program	--	--	--	--	10,871	10,881	7,982	8,551	12,583	11,350
Summer camp	--	--	--	--	13,151	19,367	--	--	--	--
After school program	39,651	49,130	49,222	47,905	41,364	46,811	58,519	64,092	76,590	104,698
After school clubs	--	--	--	--	--	7,100	12,088	4,502	11,774	8,298
Operating grants and contributions	9,720	10,398	10,896	9,026	8,653	4,870	9,619	8,375	7,358	28,887
Total business type activities program revenues	107,931	133,040	150,898	166,822	182,046	126,133	162,858	162,467	185,599	241,132
Total school program revenues	$ 421,865	$ 1,152,716	$ 1,219,157	$ 653,052	$ 647,964	$ 734,618	$ 717,015	$ 1,295,360	$ 1,545,302	$ 2,019,085
Net (Expense) Revenue										
Governmental activities	$ (3,861,480)	$ (4,030,557)	$ (4,088,949)	$ (4,731,903)	$ (5,104,640)	$ (5,254,664)	$ (5,530,658)	$ (5,792,692)	$ (5,674,577)	$ (5,936,628)
Business-type activities	(5,961)	(17,458)	(13,805)	(6,672)	1,746	(10,949)	(2,179)	(17,017)	2,488	(7,330)
Total school-wide net expense	$ (3,867,441)	$ (4,048,015)	$ (4,102,754)	$ (4,738,575)	$ (5,102,894)	$ (5,265,613)	$ (5,532,837)	$ (5,809,709)	$ (5,672,089)	$ (5,943,958)

Princeton Charter School
Changes in Net Position
Last Ten Fiscal Years
Unaudited
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	$ 2,542,263	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Local property taxes - charter school aid	--	4,427,325	4,369,487	4,244,470	4,446,092	4,571,071	4,675,523	4,819,869	4,792,581	4,693,659
State share	1,941,611	434,848	149,697	230,994	803,033	666,216	563,152	457,516	499,827	599,918
Investment earnings	17,198	17,037	10,393	1,470	--	--	--	--	--	--
Grants and contributions not restricted to specific programs	--	--	--	--	--	--	125,000	50,000	50,000	152,000
Miscellaneous income	12,568	50,283	14,714	19,216	28,690	29,746	45,152	48,977	97,872	41,790
Special item - cancellation of account payable	--	--	--	--	--	--	--	--	--	--
Transfers	(20,000)	(8,900)	--	--	--	(30,000)	--	--	--	(10,000)
Total governmental activities	4,493,640	4,920,593	4,544,291	4,496,150	5,277,815	5,237,033	5,408,827	5,376,362	5,440,280	5,477,367
Business-type activities:										
Transfers	20,000	8,900	--	--	--	30,000	--	--	--	10,000
Total school-wide	$ 4,513,640	$ 4,929,493	$ 4,544,291	$ 4,496,150	$ 5,277,815	$ 5,267,033	$ 5,408,827	$ 5,376,362	$ 5,440,280	$ 5,487,367
Change in Net Position										
Governmental activities	$ 632,160	$ 890,036	$ 455,342	$ (235,753)	$ 173,175	$ (17,631)	$ (121,831)	(416,330)	$ (234,297)	$ (459,261)
Business-type activities	14,039	(8,558)	(13,805)	(6,672)	1,746	19,051	(2,179)	(17,017)	2,488	2,670
Total school	$ 646,199	$ 881,478	$ 441,537	$ (242,425)	$ 174,921	$ 1,420	$ (124,010)	$ (433,347)	$ (231,809)	$ (456,591)

Source: Schedule A-2 and School records

Princeton Charter School **Exhibit J-3**
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	$ 25,000	$ 18,000	$ 118,899	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Unreserved	89,378	59,418	12,992	--	--	--	--	--	--	--
Assigned	--	--	--	19,500	219,500	--	--	--	--	--
Unassigned	--	--	--	131,889	222,015	471,291	487,216	262,970	434,511	565,761
Total general fund	$ 114,378	$ 77,418	$ 131,891	$ 151,389	$ 441,515	$ 471,291	$ 487,216	$ 262,970	$ 434,511	$ 565,761
All other governmental funds										
Capital projects fund	$ --	$ 4,522,811	$ 134,626	$ --	$ --	$ --	$ --	$ --	$ --	$ --

Source: Schedule B-1 and School records

Notes:
GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications than those presented in prior years.
Prior years have not been restated above, nor are they required to be restated.

Princeton Charter School
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited
(modified accrual basis of accounting)

Exhibit J-4

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Equalization aid	$ 2,543,431	$ 4,427,325	$ 4,369,487	$ 4,244,470	$ 4,446,092	$ 4,571,071	$ 4,675,523	$ 4,819,869	$ 4,792,581	$ 4,693,659
Interest earnings	17,198	17,037	10,393	1,470	--	--	--	--	--	--
Sinking fund	--	239,124	--	--	--	--	--	--	--	--
Donations	--	--	--	--	--	--	--	--	--	--
Grants and contributions not restricted to specific programs	--	--	--	--	--	--	125,000	50,000	50,000	152,000
Miscellaneous	12,568	589,994	309,828	19,216	33,690	29,746	45,152	179,584	142,149	64,093
State sources	2,200,237	748,368	475,375	595,314	1,212,445	1,222,265	1,067,241	1,057,961	1,162,554	1,351,511
Federal sources	54,140	45,885	52,552	121,910	51,506	52,436	50,068	53,081	79,837	76,013
Total revenue	4,827,574	6,067,733	5,217,635	4,982,380	5,743,733	5,875,518	5,962,984	6,160,495	6,227,121	6,337,276
Expenditures										
Instruction										
Regular instruction	2,150,635	2,300,142	2,453,948	2,176,734	2,354,910	2,389,177	2,508,190	2,598,349	2,592,214	2,678,456
Special education instruction	--	--	--	--	--	--	--	--	--	--
Support services										
Student and instruction related services	44,773	30,997	45,718	56,397	51,506	182,090	194,568	364,256	244,639	308,755
General administrative services	523,044	625,141	550,987	872,090	830,304	873,232	902,924	930,903	939,473	919,171
Plant operations and maintenance	432,869	603,720	575,829	453,840	583,396	535,571	591,654	637,584	608,645	596,453
Pupil transportation	11,331	15,823	20,598	10,515	12,518	10,157	14,222	12,446	11,958	13,171
Employee benefits	512,125	572,027	692,631	756,398	862,787	494,891	542,113	599,962	612,710	526,172
On Behalf Contributions	--	--	--	--	--	515,078	459,934	552,265	619,276	710,942
Construction	--	--	3,335,100	136,096	--	--	--	--	--	--
Construction in progress	--	3,148,953	--	--	--	--	--	--	--	--
Capital outlay	63,685	309,018	438,193	119,071	131,359	188,922	109,173	64,479	22,217	--
Debt service										
Mortgage payments-principal	795,029	183,157	--	163,677	287,258	298,961	311,141	323,818	183,726	207,969
Interest on mortgage note payable	238,774	476,868	60,394	352,690	339,570	327,663	313,140	300,679	220,722	234,937
Total expenditures	4,772,265	8,265,846	8,173,398	5,097,508	5,453,608	5,815,742	5,947,059	6,384,741	6,055,580	6,196,026
Excess (deficiency) of revenues over (under) expenditures	55,309	(2,198,113)	(2,955,763)	(115,128)	290,125	59,776	15,925	(224,246)	171,541	141,250
Other financing sources (uses)										
Loan proceeds	--	4,920,000	--	--	--	--	--	720,855	--	--
Debt issuance costs	--	--	--	--	--	--	--	(92,141)	--	--
Loss on refunding	--	--	--	--	--	--	--	(616,200)	--	--
Mortgage note payments - interest	--	--	--	--	--	--	--	(12,514)	--	--
Transfers in	--	80,000	29,750	--	--	--	--	--	--	--
Transfers out	(20,000)	(88,900)	(29,750)	--	--	(30,000)	--	--	--	(10,000)
Total other financing sources (uses)	(20,000)	4,911,100	--	--	--	(30,000)	--	--	--	(10,000)
Net change in fund balances	$ 35,309	$ 2,712,987	$ (2,955,763)	$ (115,128)	$ 290,125	$ 29,776	$ 15,925	$ (224,246)	$ 171,541	$ 131,250
Debt service as a percentage of non-capital expenditures	28.13%	16.03%	1.39%	11.94%	13.35%	12.53%	11.97%	10.96%	7.19%	7.70%

Source: Schedule B-2

Princeton Charter School **Exhibit J-5**
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Equalization Aid	Interest on Investments	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Annual Totals
2008	$ 2,543,431	$ 17,198	$ 12,568	$ --	$ 2,573,197
2009	$ 4,427,325	$ 17,037	$ 50,283	$ --	$ 4,494,645
2010	$ 4,369,487	$ 10,393	$ 14,714	$ --	$ 4,394,594
2011	$ 4,244,470	$ --	$ 19,216	$ --	$ 4,263,686
2012	$ 4,446,092	$ --	$ 28,690	$ --	$ 4,474,782
2013	$ 4,571,071	$ --	$ 24,746	$ --	$ 4,595,817
2014	$ 4,675,523	$ --	$ 45,152	$ 125,000	$ 4,845,675
2015	$ 4,819,869	$ --	$ 48,977	$ 50,000	$ 4,918,846
2016	$ 4,792,581	$ --	$ 97,872	$ 50,000	$ 4,940,453
2017	$ 4,693,659	$ --	$ 41,790	$ 152,000	$ 4,887,449

Source: School records

Princeton Charter School **Exhibit J-10**
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

	Governmental Activities					Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation Bonds [b]	Certificates of Participation	Loans Payable	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total School	Percentage of Personal Income [a]	Per Capita [a]
2008	$ --	$ --	$ 3,683,157	$ --	$ --	$ --	$ 3,683,157	0.22%	$ 119.29
2009	$ --	$ --	$ 8,420,000	$ --	$ --	$ --	$ 8,420,000	0.50%	$ 273.31
2010	$ --	$ --	$ 8,420,000	$ --	$ --	$ --	$ 8,420,000	0.51%	$ 273.51
2011	$ --	$ --	$ 8,256,323	$ --	$ --	$ --	$ 8,256,323	0.53%	$ 288.72
2012	$ --	$ --	$ 7,969,065	$ --	$ --	$ --	$ 7,969,065	0.50%	$ 283.37
2013	$ --	$ --	$ 7,670,104	$ --	$ --	$ --	$ 7,670,104	0.45%	$ 267.26
2014	$ --	$ --	$ 7,358,963	$ --	$ --	$ --	$ 7,358,963	0.44%	$ 253.09
2015	$ --	$ --	$ 7,756,000	$ --	$ --	$ --	$ 7,756,000	0.45%	$ 266.50
2016	$ --	$ --	$ 7,363,088	$ --	$ --	$ --	$ 7,572,274	0.40%	$ 255.79
2017	$ --	$ --	$ 7,363,088	$ --	$ --	$ --	$ 7,363,088	N/A	N/A

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

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

b Includes Early Retirement Incentive Plan ("ERIP") refunding.

Princeton Charter School **Exhibit J-14**
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2007	30,876	$ 1,645,629,048	$ 53,298	4.40%
2008	30,808	$ 1,697,952,112	$ 55,114	4.80%
2009	30,785	$ 1,636,068,825	$ 53,145	8.30%
2010	28,596	$ 1,561,341,600	$ 54,600	8.30%
2011	28,122	$ 1,602,138,462	$ 56,971	8.10%
2012	28,699	$ 1,707,820,092	$ 59,508	5.40%
2013	29,076	$ 1,666,723,548	$ 57,323	3.90%
2014	29,103	$ 1,742,542,125	$ 59,875	3.70%
2015	29,603	$ 1,872,300,941	$ 63,247	3.10%
2016	31,249	N/A	N/A	2.80%

Source:
[a] Population information provided by the NJ Department of Education
[b] Personal income has been estimated based upon the municipal population and per capita personal income presented

Princeton Charter School **Exhibit J-15**
Principal Employers,
Current Year and Nine Years Ago
Princeton
Unaudited

	2017		
Employer	**Employees**	**Rank**	**Percentage of Total Municipal Employment**
RCN Corp.	4,770	1	18.15%
Bristol-Meyers Squibb	4,500	2	17.13%
Princeton University	4,500	3	17.13%
Deloitte	3,000	4	11.42%
Radi Ology	3,000	5	11.42%
Covance Inc.	2,001	6	7.62%
DJ Cash Management Inc.	1,500	7	5.71%
AM-Re Services Inc.	1,001	8	3.81%
Citiustech Inc.	1,001	9	3.81%
Munich Reinsurance America Inc.	1,001	10	3.81%
	26,274		100.00%

Source: ReferenceUSA database

	2008		
Employer	**Employees**	**Rank**	**Percentage of Total Municipal Employment**
Princeton University	5,400	1	58.51%
University Medical Center at Princeton	2,550	2	27.63%
Church & Dwight Co.	600	3	6.50%
Princeton Plasma Physics Lab	400	4	4.33%
Princeton Theological Seminary	280	5	3.03%
	9,230		100.00%

Princeton Charter School **Exhibit J-16**
Full-time Equivalent School Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	28	28	28	28	28	28	30	28	30	30
Other special education	3	4	4	4	4	5	5	6	2	5
Support Services										
School counselor	--	--	1	1	1	1	1	1	1	1
General administration and business services	2	3	3	3	3	3	3	4	4	5
School administrative services	2	2	3	3	3	3	4	5	5	4
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	1
Total	36	38	40	40	40	41	44	45	43	46

Source: School personnel records

Princeton Charter School
Operating Statistics,
Last Ten Fiscal Years
Unaudited

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	293	$ 3,674,777	$ 12,542	0.11%	31	10:1	293.0	283	1.38%	96.59%
2009	318	$ 4,147,850	$ 13,044	4.00%	32	10:1	318.0	305	8.53%	95.91%
2010	344	$ 4,339,711	$ 12,615	-3.28%	32	11:1	344.0	331	8.18%	96.22%
2011	344	$ 4,325,974	$ 12,576	-0.32%	32	11:1	343.9	334	-0.03%	97.15%
2012	344	$ 4,695,421	$ 13,649	8.54%	32	11:1	344.0	333	0.03%	96.86%
2013	344	$ 5,000,196	$ 14,535	6.49%	33	11:1	344.1	332	0.03%	96.48%
2014	344	$ 5,213,605	$ 15,156	4.27%	35	10:1	344.0	332	-0.03%	96.51%
2015	348	$ 5,695,765	$ 16,367	7.99%	34	11:1	347.2	335	0.93%	96.49%
2016	348	$ 5,628,915	$ 16,175	-1.17%	32	11:1	347.7	336	0.14%	96.64%
2017	348	$ 5,753,120	$ 16,532	2.21%	35	11:1	347.6	332	-0.03%	95.51%

Sources: School records and Schedules J-4 and J-16

Note: Enrollment based on final June enrollment count.

a Operating expenditures equal total expenditures less debt service and capital outlay.
b Teaching staff includes only full-time equivalents of certificated staff.

Princeton Charter School
School Building Information
Last Ten Fiscal Years
Unaudited

Exhibit J-18

Charter School Buildings	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Multi-Purpose Campus Center										
Square Feet	N/A	N/A	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Capacity (Students)	N/A	N/A	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K-4 School Building (2003)										
Square Feet	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
Capacity (students)	110	135	159	159	159	159	159	159	159	159
Enrollment	107	132	156	156	156	156	156	159	159	159
5-8 School Building (1963)										
Square Feet	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Capacity (students)	186	188	188	188	188	188	188	188	188	188
Enrollment [a]	186	188	188	188	188	188	188	188	188	188
Business Office Building -Marsee Center (1879)										
Square Feet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200

Number of Schools at June 30, 2017
Elementary = 1
Middle School = 1

Source: School Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the final June school count.

Princeton Charter School
Insurance Schedule (Unaudited)
June 30, 2017

Exhibit J-20

		Coverage	Deductible
School Package Policy - N.J. School Boards Association Insurance Group:			
Property:			
Blanket building and contents		$ 14,692,596	$ 1,000
Blanket extra expense		$ 50,000,000	$ 1,000
Blanket valuable papers and records		$ 10,000,000	$ 1,000
Business Income		$ 3,000,000	$ 1,000
Loss of rents		$ 31,000	$ 1,000
Flood - zones A & V- Pool Aggregate		$ 25,000,000	$ 500,000
Flood - all other		$ 75,000,000	$ 10,000
EDP:			
Blanket hardware/software		$ 250,000	$ 1,000
Blanket extra expense		Included	$ --
Equipment Breakdown:			
Property Damage & Extra Expense		$ 100,000,000	$ 1,000
Crime:			
Public employee dishonesty		$ 250,000	$ 1,000
Forgery or alteration		$ 250,000	$ 1,000
Computer fraud		$ 250,000	$ 1,000
Money orders & counterfeit papers		$ 50,000	$ 500
Loss of money & securities		$ 50,000	$ 500
General Liability:			
Each Occurrence CSL		$ 16,000,000	$ --
Products/Completed Ops Ann Agg		$ 16,000,000	$ --
Sexual abuse per occ		$ 16,000,000	$ --
Sexual abuse annual pool agg		$ 17,000,000	$ --
Personal injury & advertising injury		$ 16,000,000	$ --
Employee benefits		$ 16,000,000	$ 1,000
Medical Payments		$ 10,000	$ --
Automobile:			
Comprehensive automobile liability		$ 16,000,000	$ --
Errors and Omissions - N.J. School Boards Association Insurance Group		$ 16,000,000	$ 10,000
Boiler and Machinery - N.J. School Boards Association Insurance Group		$ 100,000,000	$ 1,000
Workers Compensation - ERIC NORTH SUB-FUND			
	Bodily Injury by Accident	$ 2,000,000	Each Acc.
	Bodily Injury by Disease	$ 2,000,000	Each Employee
	Bodily Injury by Disease	$ 2,000,000	Agg. Limit
Supplemental Workers Compensation -N.J. School Boards Association Insurance Group:			
Maximum weekly benefit (52 weeks Maximun Benefit Period)		$ 2,500	$ --
Student Accident Insurance			
Basic sports K-8		$ 5,000,000	$ --
Volunteer Coverage		$ 25,000	$ --
Bond	Robert Long	$ 175,000	$ 1,000
Bond	Michael Falkowski	$ 180,000	$ 1,000
Group Catastrophe Access Program			
Limit each occurrence		$ 50,000,000	$ --
Aggregate		$ 150,000,000	$ --

Princeton Charter School
Governmental Funds
Financial Performance – Fiscal Ratios (Unaudited)
June 30, 2017

Exhibit J-21

	2015	2016	2017
Cash	$ 295,007	$ 348,890	$ 525,965
Current assets	369,067	606,860	675,380
Total assets and deferred outflows	12,898,352	13,232,980	12,720,790
Current liabilities	106,097	99,321	109,619
Total liabilities	8,596,910	9,188,075	9,094,616
Net position	4,268,044	4,033,747	3,574,486
Total revenue	6,160,495	6,227,121	6,337,276
Total expenses	6,384,741	6,055,580	6,196,026
Change in net position	(508,471)	(234,297)	(459,261)
Depreciation expense	561,049	548,780	522,719
Principal debt payments	323,818	183,726	207,969
Interest payments	300,679	220,722	234,937
Final average daily enrollment	347.2	347.7	347.6
March 30th budgeted enrollment	348	348	348

Near term indicators	2015	2016	2017	Three Year Cumulative
Current ratio	3.48	6.11	6.16	5.25
Unrestricted days cash	16.86	21.03	30.98	22.96
Enrollment variance	99.8%	99.9%	99.9%	99.9%
Default	No	No	No	
Sustainability indicators				
Total margin	-8.25%	-3.76%	-7.25%	-6.42%
Debt to asset	0.64	0.64	0.65	0.64
Cash flow	(132,740)	53,883	177,075	32,739
Debt service coverage ratio	1.33	1.25	1.39	1.32

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

The Honorable Chairperson and Members
of the Board of Trustees
Princeton Charter School
Princeton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Princeton Charter School as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise Princeton Charter School's basic financial statements and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Princeton Charter School'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 Princeton Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Princeton Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs we identified a deficiency in internal control over financial reporting that we consider to be material weakness [2017-001].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Princeton Charter School'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.

WithumSmith+Brown, PC One Tower Center Boulevard, 14th Floor, East Brunswick, New Jersey 08816-1145 T (732) 828 1614 F (732) 828 5156 withum.com

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AUDIT TAX ADVISORY

Organization Response to Finding

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

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

December 1, 2017
East Brunswick, NJ

WithumSmith+Brown, PC

James J. Decker
Licensed Public School Accountant #2502
Certified Public Accountant

REPORT ON COMPLIIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE iN ACCORDANCE WITH UNIFORM GUIDANCE AND NEW JERSER DEPARTMENT OF THE TREASURY CIRCULAR LETTER 15-08-OMB

Independent Auditors' Report

The Honorable Chairperson and Members
of the Board of Trustees
Princeton Charter School
Princeton, New Jersey

Report on Compliance for Each Major State Program

We have audited Princeton Charter School's compliance with the types of compliance requirements described in the *New Jersey Department of Treasury Circular Letter 15-08 OMB* that that could have a direct and material effect on each of Princeton Charter School's major state programs for the year ended June 30, 2017. Princeton Charter School's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Princeton Charter School's major 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; and *New Jersey Department of Treasury Circular Letter 15-08 OMB*. Those standards and *New Jersey Department of Treasury Circular Letter 15-08 OMB* 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 state program occurred. An audit includes examining, on a test basis, evidence about Princeton Charter School'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 state program. However, our audit does not provide a legal determination of Princeton Charter School's compliance.

Opinion on Each Major State Program

In our opinion, Princeton Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

WithumSmith+Brown, PC One Tower Center Boulevard, 14th Floor, East Brunswick, New Jersey 08816-1145 T (732) 828 1614 F (732) 828 5156 withum.com

Report on Internal Control Over Compliance

Management of Princeton Charter School 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 Princeton Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with *New Jersey Department of the Treasury Circular Letter 15-08 OMB* 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 Princeton Charter School'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 program on a timely basis. *A material weakness in internal control over* compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

December 1, 2017
East Brunswick, NJ

WithumSmith+Brown, PC

James J. Decker
Licensed Public School Accountant #2502
Certified Public Accountant

Princeton Charter School
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Schedule A

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period From	Grant Period To	Award Amount	Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017 Accounts Receivable	Balance at June 30, 2017 Deferred Revenue	Balance at June 30, 2017 Due to Grantor
U.S. Department of Education													
Passed-through State Department of Education													
NCLB Consolidated													
Title II Part A	84.010	NCLB-7540-17	7/1/2016	6/30/2017	$ 4,031	$ --	$ 4,031	$ (4,031)	$ --	$ --	$ --	$ --	$ --
Title I Part A	84.010	NCLB-7540-17	7/1/2016	6/30/2017	22,557	--	22,557	(22,557)	--	--	--	--	--
Special Education Cluster													
I.D.E.A Part B, Preschool Regular	84.027	IDEA-7540-17	7/1/2016	6/30/2017	1,021	--	1,021	(1,021)	--	--	--	--	--
I.D.E.A Part B, Basic Regular	84.027	IDEA-7540-17	7/1/2016	6/30/2017	48,404	--	48,404	(48,404)	--	--	--	--	--
Total U.S. Department of Education						$ --	$ 76,013	$ (76,013)	$ --	$ --	$ --	$ --	$ --
U.S. Department of Agriculture													
Passed-through State Department of Education													
Enterprise Fund:													
National School Lunch Program	10.555	N/A	7/1/2015	6/30/2016	6,740	(1,237)	1,237	--	--	--	--	--	--
National School Lunch Program	10.555	N/A	7/1/2016	6/30/2017	8,185	--	4,324	(8,185)	--	--	(3,861)	--	--
Total U.S. Department of Agriculture						$ (1,237)	$ 5,561	$ (8,185)	$ --	$ --	$ (3,861)	$ --	$ --
Total Federal Awards Assistance						$ (1,237)	$ 81,574	$ (84,198)	$ --	$ --	$ (3,861)	$ --	$ --

Princeton Charter School
Schedule of Expenditures of State Awards
Year Ended June 30, 2017

Schedule B

State Grantor / Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments / Repayment of Prior Years' Balances	Balance June 30, 2017			MEMO	
				Unearned Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue / Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Adjustment Aid	17-495-034-5120-071	7/1/16- 6/30/17	444,580	$ --	$ --	$ --	$ 444,580	$ (444,580)	$ --	$ --	$ --	$ --	$ --	$ (444,580)
Non-Public Aid	17-495-034-5120-078	7/1/16- 6/30/17	130,878	--	--	--	130,878	(130,878)	--	--	--	--	--	(130,878)
Security Aid	17-495-034-5120-084	7/1/16- 6/30/17	24,460	--	--	--	24,460	(24,460)	--	--	--	--	--	(24,460)
Special Education Aid	17-495-034-5120-089	7/1/16- 6/30/17	38,151	--	--	--	38,151	(38,151)	--	--	--	--	--	(38,151)
TPAF Social Security Aid (Reimbursed)	16-495-034-5094-003	7/1/15- 6/30/16	186,461	1,125	--	--	(1,125)	--	--	--	--	--	--	(186,461)
TPAF Social Security Aid (Reimbursed)	17-495-034-5094-003	7/1/16- 6/30/17	180,457	--	--	--	180,457	(180,457)	--	--	--	--	--	(180,457)
Enterprise Fund:														
State Lunch Program	16-100-010-3350-023	7/1/15- 6/30/16	618	(116)	--	--	116	--	--	--	--	--	--	(618)
State Lunch Program	17-100-010-3350-023	7/1/16- 6/30/17	702	--	--	--	371	(702)	--	(331)	--	--	--	(702)
	Total State Awards			$ 1,009	$ --	$ --	$ 817,888	$ (819,228)	$ --	$ (331)	$ --	$ --	$ --	$ (1,006,307)

1. General

The accompanying schedules of expenditures of federal and state awards include federal and state award activities of Princeton Charter School. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School's basic financial statements. The information in these schedules is presented in accordance with the requirements of NJ Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

The 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 revenue, whereas the GAAP basis does not. There were no differences between this budgeting basis and GAAP for this current fiscal year. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF pension contributions revenue of $530,485.

Awards are reported on the School's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	$ --	$ 818,526	$ 818,526
Special Revenue Fund	76,013	--	76,013
Enterprise Fund	8,185	702	8,887
Total Financial Assistance/Awards	$ 84,198	$ 819,228	$ 903,426

4. Relationship to Federal and State Financial Reports

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

5. Indirect Costs

The School does not have a federally negotiated indirect cost rate and has not elected to use the 10 percent de minimis cost rate as allowed in section 200.414 in the Uniform Guidance.

6. Other

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2017.

Princeton Charter School
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financing reporting:

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

2) Significant deficiencies identified? ___ Yes X None reported

Non-compliance material to basic financial statements noted? ___ Yes X No

State Awards

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

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

Internal control over major programs:

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

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

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

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

Identification of major programs:

	Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Charter School Adjustment Aid	17-495-034-5120-071	07/01/16 – 06/30/17	$ 444,580	$ 444,580

Section 2 - Financial Statement Findings

Finding 2017-001

Condition:
The auditors noted that the School had an inconsistent treatment of their health benefits liability for 10-month employees.

Criteria:
The School changed the way they accounted for the health benefits liability for 10-month employees. When the School changed this treatment they did not adjust the number to reflect this change as of the beginning of the year.

Cause:
The School changed the way they recorded certain liabilities at year-end but not the beginning.

Effect:
This resulted in a material year-end journal entry in the amount of approximately $57,000.

Recommendation:
The School should be consistent with the treatment of liabilities.

Response:
The School Business Administrator disagrees with this finding and believes it does not align with NJ Public Purchasing Law because services rendered and/or goods received after June 30th shall not be deemed as an accounts payable/accrual.

Section 3 - Findings and Questioned Costs

Federal Awards

- None noted.

State Awards

- None noted.

Princeton Charter School
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

Status of Prior Year Findings

There were no prior year findings.