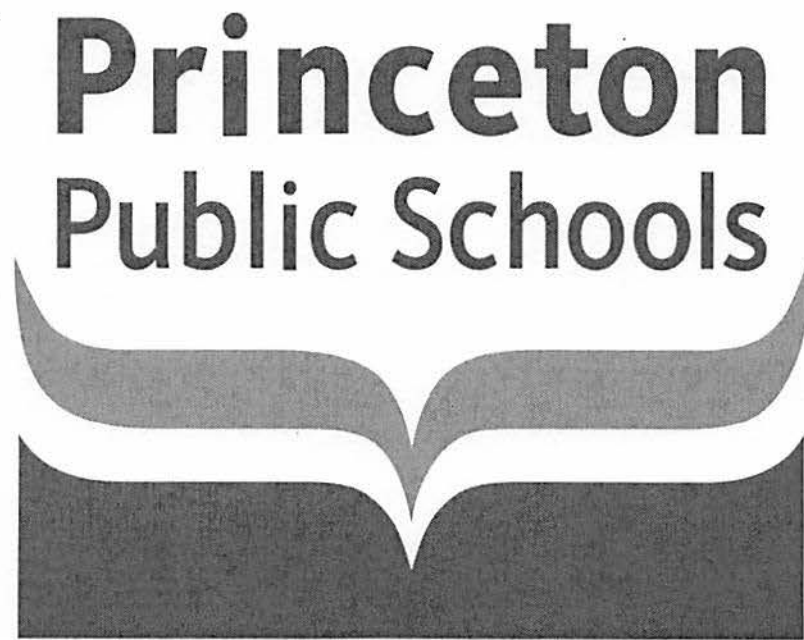


PRINCETON PUBLIC SCHOOLS
Princeton, New Jersey



Live to Learn, Learn to Live

Comprehensive Annual Financial Report for the
Year ended June 30, 2018

Princeton Public Schools

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2018**

**Princeton Public Schools
Princeton, New Jersey**

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

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Introductory Section



Stephanie Kennedy, Business Administrator/Board Secretary
25 Valley Road, Princeton, New Jersey 08540 t 609-806-4204 f 609-806-4225

February 7, 2019

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report (“CAFR”) of the Princeton Public Schools (hereinafter, the “District”) as of and for the year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (“Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2018 and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

1. Reporting Entity and Its Services

The Princeton Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The Princeton Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular education as well as special education for disabled students. The District sends its vocational students to county vocational schools, which are more suited to provide that form of educational program. The District completed the 2017-2018 fiscal year with an average daily enrollment of 3,751 students, which is 27 students more than the previous year's average daily enrollment. The following chart details the changes in the average daily student enrollment of the District over the last five years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2017-18	3,751	0.73%
2016-17	3,724	4.81
2015-16	3,553	(0.28)
2014-15	3,563	4.12
2013-14	3,422	0.20

2. Economic Condition and Outlook

The economy in the Princeton community and local region is stable and home property values are on the rise. Undeveloped land in Princeton is primarily owned by University of Princeton and a few other entities. Avalon Bay Apartment complex, located on Witherspoon Street is complete. The property known as Merwick Stanworth, Bayard Street has been completed. Residents continue to move in to these housing complexes. The District continues to welcome students from these neighborhoods into the six schools. The administration is concerned about enrollment growth. Enrollment is expected to increase again for September 2018. Additionally, the Municipality will soon release the new housing requirements to include affordable housing units, as directed by the courts. Proposed new housing will cause an additional increase in enrollment over the next ten years and into the future. The recent demographic report identifies a growth in enrollment at the high school in the next few years while the middle school will experience overcrowding in the next two years.

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

<u>Fiscal Year</u>	<u>Enrollment</u>
2008-09	318
2009-10	345
2010-11	343
2011-12	343
2012-13	342
2013-14	341
2014-15	346
2015-16	348
2016-17	348
2017-18	402
2018-19	424 Projected

The Charter School offers education to Princeton residents in grades kindergarten through eighth with most students enrolling at Princeton High School in ninth grade. Princeton Charter School Board received approval from the Commissioner of Education to expand the charter enrollment limit to 424 by 2018-19. The Board of Education petitioned the Commissioner not to approve the expansion. PCS’s application ultimately was approved. The Charter School plans to enroll 24 additional students in September 2018 to meet the maximum of 424 students. No communication of the charter school’s plan was offered to any District representative or the Board prior to the day before filing. The students attending the charter school may reduce enrollment at some Princeton Public Schools but not in a manner that allows for an accompanying reduction in Princeton Public Schools’ operating expenses. The expansion will divert over \$1 million funding from the District’s general budget to the tuition expense for PCS. The additional expense has impacted the District’s budgeting efforts and will continue to do so as the District deals with rising enrollment.

The school district is located in the County of Mercer, New Jersey with a population of 374,733 (2017) while the Municipality of Princeton itself has a resident population of 31,822. The Board of Education of Princeton has the legal level of budgetary control.

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

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

3. Major Initiatives

Facilities Improvement Plan

All school buildings are in good condition maintenance wise. Although, the District is preparing for a fall 2018 referendum to gain authorization from the community to address rising enrollment. The referendum will include HVAC/Security upgrades at all schools, as well as a small addition at the high school to address anticipated enrollment growth and programs. The plans to address

needs of the entire District as well as the community are in review by the DOE. Representatives of the Board and Municipality are working together to determine solutions to enrollment growth and other community needs.

The District had trailers installed at the high school where teachers' offices and collaboration spaces are housed. These trailers enabled the school to gain back needed classroom space. This project did not require the collection of additional taxes as it was funded through capital reserve funds. The project was approved by the Department of Education and was included in the District's Long Range Facility Plan.

Personnel Management

The Office of Human Resources uses an established protocol to ensure that all candidates are properly credentialed and certified under New Jersey law. To find the best possible candidates, District staff participated in many job fairs in the mid-Atlantic and south-Atlantic regions and performed extension outreach efforts nationally. The Human Resource Administrator made a concerted effort to recruit people of color to match the diverse student population. Recruitment of this type will continue through job fairs and college visitations. Additionally, a software program *Applitrack* is used to successfully manage job applications. Human Resources manuals are used by administrators to provide better oversight of the supervision/evaluation process; for new hires to aid in their orientation to District policies, procedures, and expectations; and for mentors to support new hires to the teaching profession in the District's seven-year mentoring and induction program. In collaboration with the Curriculum and Instruction Office, the Human Resources Office provided professional development activities so that teachers and support staff could meet District and State requirements. Personnel policies and specified job descriptions were reviewed and revised as necessary in collaboration with the Board's Personnel Committee. The Office of Human Resources continues to revise the faculty and administrator evaluation process to meet the changing State requirements as well as developing innovative methods for enhancing classroom instruction with State approval.

Educational Program

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

In addition to the District's exemplary academic program, there are several areas in which the program goes beyond what is required by state standards. For example, full day pre-kindergarten as well as a full day kindergarten is offered. There is an enhanced performing arts program from the third to the twelfth grade that involves approximately 50 percent of the total student enrollment. Also, the District offers world language instruction beginning in elementary school and continuing through grade twelve. Spanish is offered in elementary grades; Spanish and French in the sixth through eighth grades; as well as Mandarin in seventh and eighth grades. In the ninth to twelfth grades, instruction in Italian, Japanese, Mandarin and Latin are offered as well as Spanish and French. A dual language immersion program ran for a third year at Community Park Elementary

School during 2017-2018. Two kindergarten, two first, two second and third grade classes will be included in this program during the upcoming year. All of our elementary schools are fully equipped with science labs, computer labs and/or mobile laptop carts, and school libraries. Eligible high school students may take courses at Princeton University. All high school students may choose from a wide range of rigorous courses and electives.

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

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

4. Internal Control

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

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

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

5. Budgetary Controls

In addition to internal control, the District maintains budgetary controls. The legal level of budgetary control is established at the line item accounts within each fund. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the State Department of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and, as such; **do not** represent over-expenditures in the District's budget.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations

of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned - fund balance at year-end.

6. Accounting System and Reports

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

7. Other Information

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


Awards: The District had applied to the Association of School Business Officials (ASBO) International for the "Certificate of Excellence in Financial Reporting" for its comprehensive annual financial report for the fiscal year ended June 30, 2017, and was again granted the award for the 21st consecutive year. In order to earn this award, the District published an easily readable and efficiently organized comprehensive annual financial report and satisfied both generally accepted accounting principles and applicable legal requirements.

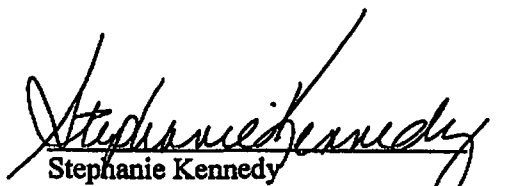
We believe that our current comprehensive annual financial report continues to meet the Program's rigorous requirements, and we are submitting this CAFR to ASBO International to determine its eligibility for the fiscal year 2017-2018 award.

8. Acknowledgments

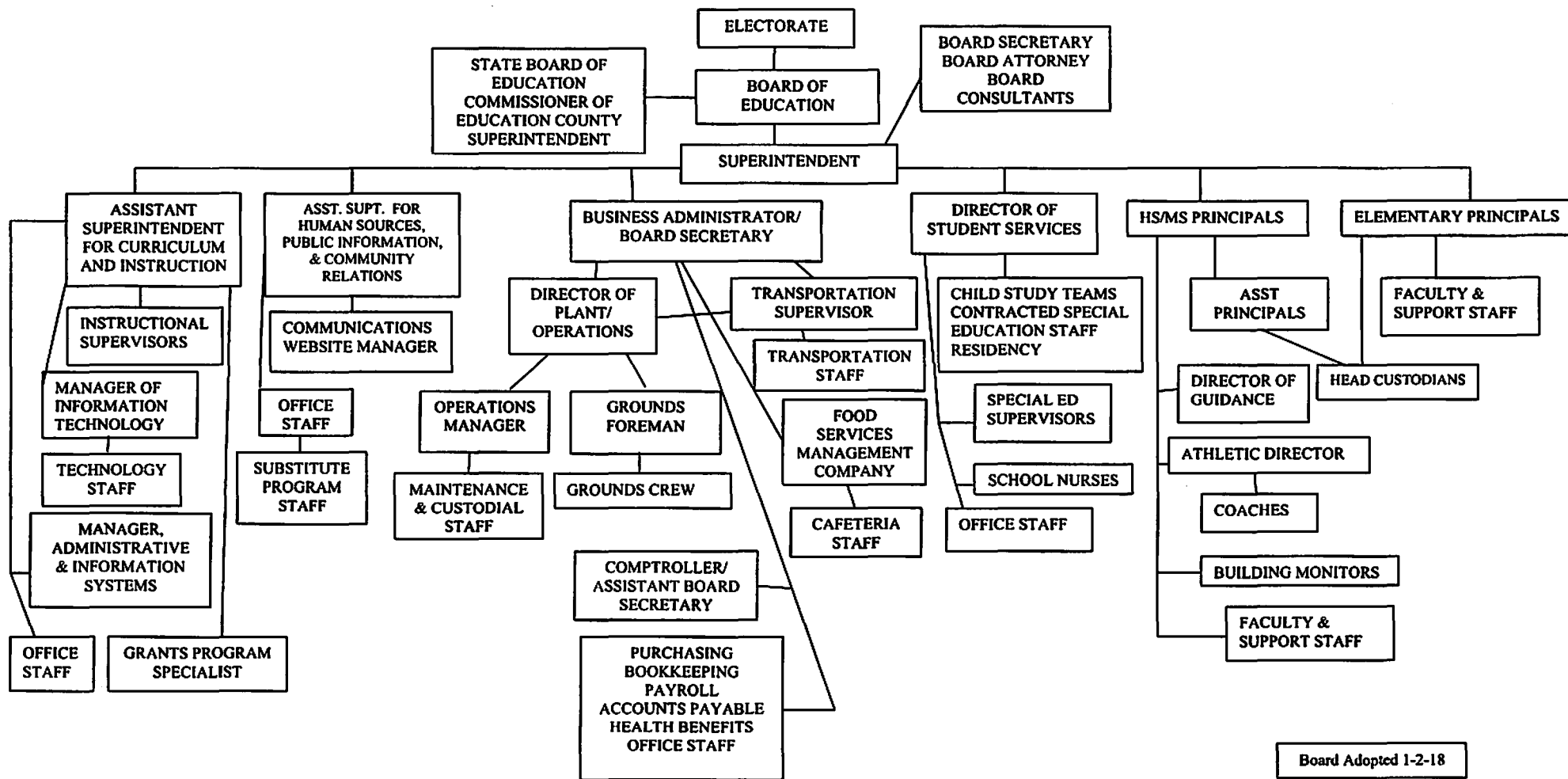
We would like to express our appreciation to the members of the Princeton School Board for its concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing full support to the development and maintenance of our financial operation. The preparation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

Respectfully submitted,


Stephen C. Cochrane
Superintendent of Schools


Stephanie Kennedy
Business Administrator/Board Secretary

PRINCETON PUBLIC SCHOOLS ORGANIZATIONAL CHART



Board Adopted 1-2-18

Princeton Public Schools
Princeton, New Jersey

Roster of Officials

June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires (December)</u>
Patrick Sullivan, President	2018
Betsy Kalber-Baglio, Vice President	2018
Dafna Kendal	2018
Debbie Bronfeld	2019
William Hare	2019
Gregory Stankiewicz	2019
Beth Behrend	2020
Jessica Deutsch	2020
Michele Tuck-Ponder	2020
Evelyn Spann*	*

Other Officials

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

* Appointed Cranbury representative

Princeton Public Schools
Princeton, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss & Company, LLP
354 Eisenhower Parkway
Suite 1850
Livingston, New Jersey 07039

Architect

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

Fielding Nair International
1930 Hilton Road – Suite 200
Ferndale, MI 48220

Attorney

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

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

Official Depository

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



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Princeton Public Schools

for its **Comprehensive Annual Financial Report (CAFR)**
for the Fiscal Year Ended June 30, 2017.

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



A handwritten signature in cursive script, reading 'Charles E. Peterson, Jr.', written over a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

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

John D. Musso, CAE
Executive Director

Financial Section

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Princeton Public Schools, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of State's proportionate share of the net OPEB liability associated with the District and changes in the total OPEB liability and related ratios – (PERS and TPAF), and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 7, 2019
Livingston, New Jersey

Required Supplementary Information
Part I

Management's Discussion and Analysis

Princeton Public Schools Management's Discussion and Analysis

Year ended June 30, 2018

As management of Princeton Public Schools, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2018. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

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

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 23-24 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 25-27 of this report.

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

The basic enterprise fund financial statements can be found on pages 28-30 of this report.

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

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33-74 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 75-104 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,916,236 (net position) for the fiscal year ended June 30, 2018 and our overall financial position has decreased slightly in the current year. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2018 and 2017:

Princeton Public Schools Princeton, New Jersey Net Position June 30,						
	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 9,200,252	\$ 378,094	\$ 9,578,346	\$ 10,987,669	\$ 382,814	\$ 11,370,483
Capital assets, net	83,691,591	159,217	83,850,808	86,662,844	150,303	86,813,147
Total assets	92,891,843	537,311	93,429,154	97,650,513	533,117	98,183,630
Deferred outflows of resources	11,667,519		11,667,519	15,991,966		15,991,966
Liabilities:						
Current liabilities	8,403,831	70,115	8,473,946	7,846,643	74,819	7,921,462
Net pension liability	30,712,413		30,712,413	40,347,557		40,347,557
Long-term liabilities	23,063,709		23,063,709	28,353,656		28,353,656
Total liabilities	62,179,953	70,115	62,250,068	76,547,856	74,819	76,622,675
Deferred inflow of resources	6,930,369		6,930,369	-		-
Net position:						
Net investment in capital assets	61,422,775	159,217	61,581,992	59,712,054	150,303	59,862,357
Restricted for capital reserve	2,242,450		2,242,450	2,274,167		2,274,167
Restricted for capital projects	534,664		534,664	1,155,824		1,155,824
Restricted for excess surplus-current year	-		-	193,609		193,609
Restricted for excess surplus-prior year	193,609		193,609	711,742		711,742
Unrestricted (deficit)	(28,944,458)	307,979	(28,636,479)	(26,952,773)	307,995	(26,644,778)
Total net position	\$ 35,449,040	\$ 467,196	\$ 35,916,236	\$ 37,094,623	\$ 458,298	\$ 37,552,921

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

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

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

Net investment in capital assets increased from the prior year due to the overall decrease in bonds payable and unamortized premium (used to build or acquire capital assets), due to regular payments of principal made during the current year.

There was no substantial change in business-type activity assets, liabilities and net position for the year ended June 30, 2018.

Government-wide activities. The key elements of the District's net position for the years ended June 30, 2018 and 2017 are as follows:

Princeton Public Schools Princeton, New Jersey Net Position Year Ended June 30,						
2018			2017			
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 5,396,908	\$ 787,213	\$ 6,184,121	\$ 5,320,393	\$ 754,998	\$ 6,075,391
Operating grants and contributions	2,427,599	323,289	2,750,888	2,436,682	312,002	2,748,684
Capital grants and contributions	-	-	-	458,968	-	458,968
General revenues:						
Property taxes	78,567,568	-	78,567,568	75,596,645	-	75,596,645
Federal and state aid not restricted to specific purposes	31,697,530	-	31,697,530	28,887,329	-	28,887,329
Earnings on investments	83,202	1,978	85,180	83,404	1,731	85,135
Miscellaneous	427,356	-	427,356	457,106	-	457,106
Total Revenues	118,600,163	1,112,480	119,712,643	113,240,527	1,068,731	114,309,258
Expenses:						
Instructional services	70,334,757	-	70,334,757	66,875,881	-	66,875,881
Support services	43,505,257	1,103,582	44,608,839	41,330,206	1,029,485	42,359,691
Charter school	5,539,621	-	5,539,621	4,745,777	-	4,745,777
Interest on long-term debt	866,111	-	866,111	1,241,805	-	1,241,805
Total expenses	120,245,746	1,103,582	121,349,328	114,193,669	1,029,485	115,223,154
Change in net position	(1,645,583)	8,898	(1,636,685)	(953,142)	39,246	(913,896)
Net position-beginning of year	37,094,623	458,298	37,552,921	38,047,765	419,052	38,466,817
Net position-end of year	\$ 35,449,040	\$ 467,196	\$ 35,916,236	\$ 37,094,623	\$ 458,298	\$ 37,552,921

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

Property taxes increased \$2,970,923, which was in accordance with state regulations.

The increase in unrestricted federal and state aid is mainly due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the District to record \$6,389,113 in additional revenues and expenses, which were contributions made on behalf of the District by the State for post-employment health benefits. This increase is offset by a decrease in the TPAF full accrual pension adjustment of \$5,631,277 and an increase in on-behalf TPAF pension contributions by that State of \$1,661,197.

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

Financial Analysis of the District's Funds

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

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

General Fund. The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$1,708,174, while the total fund balance was \$7,367,701. The net change in total fund balance for the General Fund was a decrease of \$1,118,488, which was mainly attributable to District having more expenditures than revenue. The District withdrew \$1,000,000 for the use of capital projects and transferred in \$373,721 into capital reserve from unspent local portions of projects from capital projects fund.

Special Revenue Fund. The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year were comparable to the prior fiscal year, with a decrease of \$11,422 attributable mostly to an increase in federal and state grants expended. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$1,267,948.

Capital Projects Fund. The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). There were expenditures of \$116,620 in the current fiscal year compared to expenditures of \$1,322,626 in the prior year. The decrease was mainly due to prior year expenditures relating to three New Jersey Schools Development Authority grants that were awarded that were completed in the prior year.

Debt Service Fund. The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$134,683.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018, and the increases and decreases in relation to prior year.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2017	Percent of Increase (Decrease)
Local sources	\$ 84,527,196	82.4%	\$ 3,033,190	3.7%
State sources	16,509,223	16.1	2,086,097	14.5
Federal sources	1,529,965	1.5	(56,782)	(3.6)
Total	<u>\$102,566,384</u>	<u>100.0%</u>	<u>\$ 5,062,505</u>	<u>5.2%</u>

The increase in local sources is mainly attributable to an increase in the tax levy of \$2,970,923.

The increase in state sources is mainly attributable to the increase in the TPAF pension contributions made by the State of New Jersey on-behalf of the District during the current year of \$1,661,197, plus increases in various other state grants.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2018, and the increases and decreases in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2017	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 40,512,992	38.9%	\$ 2,346,705	6.1%
Support services	52,256,536	50.1	4,026,675	8.3
Charter schools	5,539,621	5.3	793,844	16.7
Debt service:				
Principal	5,009,765	4.8	135,000	2.8
Interest	961,650	0.9	(117,950)	(10.9)
Total	\$104,280,564	100.0%	\$ 7,184,274	7.4%

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

General Fund Budgetary Highlights

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

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

Expenditures

- The modified budget for regular programs – instruction grades 1-5 – salaries of teachers increased from the original budget by approximately \$240,000 or 3% as a result of allocating other salaries to specific salary lines within the budget in the current year.
- The modified budget for regular programs-undistributed instruction for other salaries for instruction decreased from the original budget by approximately \$509,000 or 63% as a result of moving funds to specific salary lines in the current year.

- The modified budget for undistributed expenditures-instruction for autism for other salaries for instruction increased from the original budget by approximately \$334,000 or 30% as a result of more students being classified under autism and needed more teachers in the current year.
- The modified budget for undistributed expenditures-instruction for tuition to private schools for the disabled – within state increased from the original budget by approximately \$267,000 or 18% as a result of more students attending private schools for the disabled in the current year.
- The modified budget for undistributed expenditures-required maint. for sch. facil. for cleaning, repair and maintenance services increased from the original budget by approximately \$249,000 or 26% as a result of requiring additional funds for maintenance in the current year.
- The modified budget for undistributed expenditures-custodial services for purchased professional - technical services increased from the original budget by approximately \$352,000 or 90% as a result of requiring additional technical services in the current year.
- The modified budget for undistributed expenditures-student transportation serv. for salaries for pupil trans. (between home & school) - regular increased from the original budget by approximately \$159,000 or 29% as a result of more student utilizing transportation in the current year.
- The modified budget for undistributed expenditures-contracted services (sp. ed.) - vendors decreased from the original budget by approximately \$182,000 or 62% as a result of fewer student requiring transportation from vendors in the current year.
- The modified budget for undistributed expenditures-contracted services (sp. ed.) – joint agreements decreased from the original budget by approximately \$219,000 or 73% as a result of fewer student requiring transportation through joint agreements in the current year.
- The modified budget for undistributed expenditures – unallocated benefits for health benefits decreased from the original budget by approximately \$408,000 or 4% as a result of health benefit premium renewals being lower than anticipated in the current year.
- The modified budget for undistributed expenditures – unallocated benefits for unused vac. payments to term/ret. staff increased from the original budget by approximately \$245,000 or 71% as a result of more staff retiring and employees being paid out for unused sick and vacation time in the current year.
- The modified budget for undistributed expenditures – non-instructional services for school buses – regular increased from the original budget by \$263,000 or 100% as a result of the district purchasing buses in the current year.
- The modified budget for contribution to charter schools decreased by approximately \$337,000 or 6% as a result of fewer students attending charter schools in the current year.

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

Revenues

- Actual extraordinary aid was in excess of the modified budget by \$769,345 or 56% as a result of the fact that the final award amount is calculated by the State of New Jersey and is not required to be budgeted for.

Expenditures

- The actual amounts expended for undistributed expenditures-custodial services for electricity were less than the final budget by approximately \$238,000 or 30% as a result of lower electricity usage in the current year due to more moderate temperatures.
- The actual amounts expended for facilities acquisition and construction services for construction services were less than the final budget by approximately \$561,000 or 188% as a result of the District over budgeting instead of using the prior year actual as the current year budgeted amount.

Capital Assets

At the end of the fiscal years ended June 30, 2018 and 2017, the District had \$83,850,808 and \$86,813,147, respectively, invested in land, construction in progress, land improvements, building and building improvements and machinery and equipment and vehicles, net of accumulated depreciation or amortization.

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Land	\$ 195,190	\$ 195,190		
Construction in progress	86,970	74,261		
Building and building improvements	81,383,207	84,385,004		
Machinery and equipment	2,026,224	2,008,389	\$ 159,217	\$ 150,303
Total	\$ 83,691,591	\$ 86,662,884	\$ 159,217	\$ 150,303

The decrease in capital assets, net is due to capital asset additions being less than depreciation expense during the 2017-18 year. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long-Term Liabilities

At June 30, 2018, the District had \$59,436,764 of outstanding long-term liabilities. Of this amount, \$30,712,413 is for the net pension liability, \$5,656,937 is for compensated absences; \$22,230,000 of serial bonds for school construction; and \$837,414 is for the unamortized premium on bonds. The District paid \$4,770,000 of the principal balance of outstanding bonds during the 2017-18 fiscal year and no additional bonds were issued. The legal debt margin at June 30, 2018 is \$295,286,940.

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

Economic Factors and Next Year's Budget

- The District budgeted \$3,118,609 of its 2018 fund balance to partially fund 2018-2019 operations, a decrease of \$482,844 from the prior year.
- The 2018-2019 tax levy was increased in accordance with state regulations.

All of the above factors were considered in preparing the District's 2018-19 fiscal year budget.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2018.

Princeton Public Schools

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 4,636,355	\$ 332,346	\$ 4,968,701
Accounts receivable	2,321,447	29,107	2,350,554
Inventories		16,641	16,641
Restricted assets:			
Cash and cash equivalents	2,242,450		2,242,450
Capital assets, non-depreciable	282,160		282,160
Capital assets, depreciable, net	83,409,431	159,217	83,568,648
Total assets	<u>92,891,843</u>	<u>537,311</u>	<u>93,429,154</u>
Deferred Outflows of Resources			
Deferred loss on defeasance of debt	710,766		710,766
Pension deferrals	10,956,753		10,956,753
Total deferred outflows of resources	<u>11,667,519</u>		<u>11,667,519</u>
Total assets and deferred outflows of resources	<u>104,559,362</u>	<u>537,311</u>	<u>105,096,673</u>
Liabilities			
Accounts payable	2,196,280	22,136	2,218,416
Accrued interest payable	333,563		333,563
Intergovernmental payables:			
State	78,197		78,197
Unearned revenue	134,329	47,979	182,308
Other liabilities	820		820
Net pension liability	30,712,413		30,712,413
Current portion of long-term obligations	5,660,642		5,660,642
Noncurrent portion of long-term obligations	23,063,709		23,063,709
Total liabilities	<u>62,179,953</u>	<u>70,115</u>	<u>62,250,068</u>
Deferred Inflow of Resources			
Pension deferrals	6,930,369		6,930,369
Net position			
Net investment in capital assets	61,422,775	159,217	61,581,992
Restricted for:			
Capital reserve	2,242,450		2,242,450
Capital projects	534,664		534,664
Excess Surplus-prior year	193,609		193,609
Unrestricted (deficit)	<u>(28,944,458)</u>	<u>307,979</u>	<u>(28,636,479)</u>
Total net position	<u>\$ 35,449,040</u>	<u>\$ 467,196</u>	<u>\$ 35,916,236</u>

See accompanying notes to the basic financial statements.

Princeton Public Schools

Statement of Activities

Year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Instruction	\$ 70,334,757	\$ 5,228,140	\$ 1,607,455	\$ (63,499,162)		\$ (63,499,162)
Support services:						
Attendance/social work	487,211			(487,211)		(487,211)
Health services	1,553,761			(1,553,761)		(1,553,761)
Other support services	12,633,054		820,144	(11,812,910)		(11,812,910)
Improvement of instruction	423,004			(423,004)		(423,004)
Other support: instructional staff	2,104,682			(2,104,682)		(2,104,682)
School library	2,463,741			(2,463,741)		(2,463,741)
General administration	1,386,700			(1,386,700)		(1,386,700)
School administration	4,818,743			(4,818,743)		(4,818,743)
Central services	2,222,864			(2,222,864)		(2,222,864)
Admin info technology	1,322,921			(1,322,921)		(1,322,921)
Required maintenance of plant services	2,119,581			(2,119,581)		(2,119,581)
Operation of plant	7,763,069			(7,763,069)		(7,763,069)
Student transportation	4,205,926	168,768		(4,037,158)		(4,037,158)
Charter schools	5,539,621			(5,539,621)		(5,539,621)
Interest on long-term debt	866,111			(866,111)		(866,111)
Total governmental activities	120,245,746	5,396,908	2,427,599	(112,421,239)		(112,421,239)
Business-type activities						
Food service	1,103,582	787,213	323,289		\$ 6,920	6,920
Total business-type activities	1,103,582	787,213	323,289		6,920	6,920
Total primary government	\$ 121,349,328	\$ 6,184,121	\$ 2,750,888	(112,421,239)	6,920	(112,414,319)
General revenues:						
Property taxes, levied for general purposes				73,055,295		73,055,295
Property taxes, levied for debt service				5,512,273		5,512,273
Federal and state sources				31,697,530		31,697,530
Investment earnings				83,202	1,978	85,180
Miscellaneous income				427,356		427,356
Total general revenues				110,775,656	1,978	110,777,634
Change in net position				(1,645,583)	8,898	(1,636,685)
Net position—beginning				37,094,623	458,298	37,552,921
Net position—ending				\$ 35,449,040	\$ 467,196	\$ 35,916,236

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Princeton Public Schools
Governmental Funds

Balance Sheet

June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 2,790,669	\$ 260,084	\$ 1,585,602		\$ 4,636,355
Accounts receivable:					
State	1,560,706	3,426			1,564,132
Federal		110,763			110,763
Local	503,572	574			504,146
Interfund	828,423			\$ 586,789	1,415,212
Other	117,406				117,406
Restricted cash and cash equivalents	2,242,450				2,242,450
Total assets	\$ 8,043,226	\$ 374,847	\$ 1,585,602	\$ 586,789	\$ 10,590,464
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 632,988	\$ 208,988			\$ 841,976
Intergovernmental payables:					
State		78,197			78,197
Interfunds payable			\$ 963,106	\$ 452,106	1,415,212
Unearned revenue	42,537	91,792			134,329
Other liabilities		820			820
Total liabilities	675,525	379,797	963,106	452,106	2,470,534
Fund balances:					
Restricted for:					
Capital reserve	2,242,450				2,242,450
Capital projects			622,496		622,496
Debt service				134,683	134,683
Excess surplus-prior year	193,609				193,609
Assigned to:					
Designated for subsequent year expenditures	2,925,000				2,925,000
Other purposes	298,468				298,468
Unassigned (deficit)	1,708,174	(4,950)			1,703,224
Total fund balances	7,367,701	(4,950)	622,496	134,683	8,119,930
Total liabilities and fund balances	\$ 8,043,226	\$ 374,847	\$ 1,585,602	\$ 586,789	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$128,478,778 and the accumulated depreciation is \$44,787,187. (See Note 4)	83,691,591
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(333,563)
Long-term liabilities, including bonds payable and compensated absences are not due in the current period and therefore are not liabilities in the funds.	(28,724,351)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds.	710,766
Legal settlement is a receivable in the statement of activities, but not reported in the funds.	25,000
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	4,026,384
Accrued pension contributions for the June 30, 2018 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,354,304)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(30,712,413)
Net position of governmental activities	\$ 35,449,040

See accompanying notes to the basic financial statements.

**Princeton Public Schools
Governmental Funds**

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 73,055,295			\$ 5,512,273	\$ 78,567,568
Tuition	5,228,140				5,228,140
Interest on investments	73,807		\$ 9,395		83,202
Transportation-hazardous routes	168,768				168,768
Miscellaneous	427,356	\$ 61,557			488,913
Total local sources	78,953,366	61,557	9,395	5,512,273	84,536,591
State sources	15,668,123	841,100			16,509,223
Federal sources	5,023	1,524,942			1,529,965
Total revenues	94,626,512	2,427,599	9,395	5,512,273	102,575,779
Expenditures:					
Current:					
Instruction	36,051,586				36,051,586
Support services:					
Instruction - tuition to other districts	2,853,951	1,607,455			4,461,406
Attendance/social work	263,481				263,481
Health services	849,999				849,999
Support services	6,643,654	820,144			7,463,798
Improvement of instruction	243,689				243,689
Other support: instructional staff	867,495				867,495
School library	1,299,750				1,299,750
General administration	942,831				942,831
School administration	2,517,971				2,517,971
Central services	1,303,813				1,303,813
Administration information technology	1,180,271				1,180,271
Required maintenance of plant services	1,542,574				1,542,574
Operation of plant-custodial services	4,715,409				4,715,409
Care & upkeep of grounds	406,268				406,268
Security	206,457				206,457
Student transportation	3,296,172				3,296,172
Employee benefits	14,501,228				14,501,228
On-behalf pension, medical and disability contributions	8,089,243				8,089,243
On-behalf TPAF social security contributions	2,566,087				2,566,087
Contribution to charter schools - current	5,539,621				5,539,621
Capital outlay			116,620		116,620
Debt Service:					
Principal	239,765			4,770,000	5,009,765
Interest				961,650	961,650
Total expenditures	96,121,315	2,427,599	116,620	5,731,650	104,397,184
Deficiency of revenues under expenditures	(1,494,803)	-	(107,225)	(219,377)	(1,821,405)
Other financing sources (uses):					
Transfers in	376,315			354,060	730,375
Transfers out			(730,375)		(730,375)
Total other financing sources (uses)	376,315		(730,375)	354,060	-
Change in fund balances before special item	(1,118,488)	-	(837,600)	134,683	(1,821,405)
Special item-legal settlement			100,000		100,000
Net change in fund balances	(1,118,488)	-	(737,600)	134,683	(1,721,405)
Fund balances (deficit), July 1	8,486,189	(4,950)	1,360,096	-	9,841,335
Fund balances (deficit), June 30	\$ 7,367,701	\$ (4,950)	\$ 622,496	\$ 134,683	\$ 8,119,930

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

See accompanying notes to the basic financial statements.

Princeton Public Schools
Governmental Funds

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

Year ended June 30, 2018

Total net change in fund balances - governmental funds (from B-2)		\$ (1,721,405)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital assets additions in the period.</p>		
Depreciation expense	\$ (3,609,788)	
Capital asset additions	<u>638,535</u>	(2,971,253)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The amount presented is the change from prior year.</p>		
		67,125
<p>Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		4,770,000
<p>Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred interest costs.</p>		
		206,104
<p>Governmental funds report the effect of refunding transactions when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred loss on refunding.</p>		
		(177,690)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). The amount presented is the change from the prior year.</p>		
		(132,430)
<p>Legal settlement was recorded as revenue in the statement of activities in the prior year, but not reported in the governmental funds until collected. The amount presented is the current year collections of legal settlement receivable.</p>		
		(100,000)
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Pension expense		(1,586,034)
Change in net position of governmental activities (A-2)		<u><u>\$ (1,645,583)</u></u>

See accompanying notes to the basic financial statements.

Enterprise Fund

Princeton Public Schools
Enterprise Fund

Statement of Net Position

June 30, 2018

	Major Fund
	Food
	Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 332,346
Accounts receivable:	
State	718
Federal	22,116
Other	6,273
Inventories	16,641
Total current assets	378,094
Non-current assets:	
Capital assets:	
Equipment	911,001
Accumulated depreciation	(751,784)
Total capital assets, net	159,217
Total assets	537,311
Liabilities	
Current liabilities:	
Accounts payable	22,136
Unearned revenue	47,979
Total current liabilities	70,115
Net position	
Investment in capital assets	159,217
Unrestricted	307,979
Total net position	\$ 467,196

See accompanying notes to the basic financial statements.

Princeton Public Schools
Enterprise Fund

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2018

	<u>Major Fund</u> <u>Food</u> <u>Service</u>
Operating revenues:	
Local sources:	
Daily food sales-reimbursable programs	\$ 344,414
Daily food sales-non-reimbursable programs	369,428
Special event income	38,690
Miscellaneous income	34,681
Total operating revenues	<u>787,213</u>
Operating expenses:	
Salaries	421,572
Employee benefits	61,537
Other purchased services	44,830
Supplies and materials	56,665
Depreciation	30,809
Cost of sales- non-program revenues	128,546
Cost of sales- program revenues	279,000
Management and administrative fees	66,856
Miscellaneous	13,767
Total operating expenses	<u>1,103,582</u>
Operating loss	(316,369)
Nonoperating revenues:	
State sources:	
State school lunch program	8,381
Federal sources:	
National school breakfast program	35,396
National school lunch program	216,962
Food donation program	62,550
Interest	1,978
Total nonoperating revenues	<u>325,267</u>
Change in net position	8,898
Total net position-beginning	458,298
Total net position-ending	<u>\$ 467,196</u>

See accompanying notes to the basic financial statements.

Princeton Public Schools
Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2018

	Major Fund
	Food Service
Cash flows from operating activities	
Receipts from customers	\$ 776,320
Payments to employees	(421,572)
Payments for employee benefits	(61,537)
Payments to suppliers	(598,023)
Net cash used in operating activities	(304,812)
Cash flows from noncapital financing activities	
Cash received from state and federal reimbursements	258,254
Receipts from food donation program	61,842
Net cash provided by noncapital financing activities	320,096
Cash flows from capital and related financing activities	
Acquisition of capital assets	(39,723)
Net cash used in capital and related financing activities	(39,723)
Cash flows from investing activities	
Interest received	1,978
Net cash provided by investing activities	1,978
Net decrease in cash and cash equivalents	(22,461)
Cash and cash equivalents, beginning of year	354,807
Cash and cash equivalents, end of year	\$ 332,346
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (316,369)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	30,809
Change in assets and liabilities:	
Increase in accounts receivable	(1,733)
Decrease in inventory	124
Increase in accounts payable	5,164
Decrease in interfund payable	(13,647)
Decrease in unearned revenue	(9,160)
Net cash used in operating activities	\$ (304,812)

Noncash noncapital financing activities:

The District received \$61,842 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2018.

See accompanying notes to the basic financial statements.

Fiduciary Funds

**Princeton Public Schools
Fiduciary Funds**

Statement of Fiduciary Net Position

June 30, 2018

	Private- Purpose Scholarship Funds	Unemployment Compensation Trust	Agency Funds
Assets			
Cash and cash equivalents	\$ 14,663	\$ 533,288	\$ 1,288,155
Total assets	14,663	533,288	\$ 1,288,155
Liabilities			
Accounts payable		\$ 13,985	
Payroll deductions and withholdings payable			\$ 539,436
Summer savings payable			339,734
Due to student groups			408,985
Total liabilities		13,985	\$ 1,288,155
Net Position			
Held in trust for scholarships	\$ 14,663		
Held in trust for unemployment claims and other purposes		\$ 519,303	

See accompanying notes to the basic financial statements.

Princeton Public Schools
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Private- Purpose Scholarship Fund	Unemployment Compensation Trust
Additions		
Contributions:		
Plan member contributions		\$ 76,366
Total contributions		<u>76,366</u>
Investment earnings:		
Interest	\$ 113	2,627
Total additions	<u>113</u>	<u>78,993</u>
Deductions		
Unemployment benefit payments		56,416
Scholarship payments	6,000	
Total deductions	<u>6,000</u>	<u>56,416</u>
Change in net position	(5,887)	22,577
Net position-beginning	20,550	496,726
Net position-ending	<u>\$ 14,663</u>	<u>\$ 519,303</u>

See accompanying notes to the basic financial statements.

Princeton Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency of reporting among the school districts in the State of New Jersey.

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

The District has reported the following major governmental funds:

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

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

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

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

Additionally, the District reports the following fiduciary fund types:

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

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

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

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

The District reports unearned revenue on its balance sheets and statement of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheets and statements of net position and revenue is recognized.

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

C. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution and certain others require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations.

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

D. Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with the GASB. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

E. Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

F. Inventories

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

The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2018, the unused Food Donation Program commodities of \$1,272 are reported as unearned revenue in the Enterprise Fund.

G. Capital Assets

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

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

H. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2018, the amount earned by these employees but not disbursed was \$339,734 and is included in liabilities – summer savings payable in the fiduciary fund.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense / expenditure) until then. Currently, the District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions.

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

J. Compensated Absences

A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

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

The liability for vested compensated absences of the District is recorded in the government-wide financial statements amounted to \$5,656,937 at June 30, 2018. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Deferred Loss on Defeasance of Debt

Deferred loss on defeasance of debt arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2018, the District has recorded an unamortized balance of \$710,766 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2018 was \$177,690.

L. Unearned Revenue

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

M. Long-Term Obligations

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

N. Fund Balances

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

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Of the \$7,367,701 of fund balance in the General Fund, \$2,242,450 has been restricted in the capital reserve account, \$193,609 of prior year excess surplus has been restricted for subsequent year's expenditures, \$298,468 of encumbrances is assigned to other purposes, \$2,925,000 has been classified as assigned fund balance designated for subsequent year's expenditures, and \$1,708,174 is unassigned. The Capital Projects Fund fund balance is \$622,496, which is restricted for capital projects and the Debt Service Fund fund balance is \$134,683, which is restricted for debt service.

O. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not generate an excess fund balance during the 2018 fiscal year.

P. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the Government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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.

Q. 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.

R. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$9,635,274 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

S. GASB Pronouncements

GASBS Implemented in the 2018 Fiscal Year

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The District has adopted GASB Statement No. 75 during the year ended June 30, 2018, which resulted in the recording of full accrual revenues and expenses and additional financial statement disclosures.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

In March, 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for periods beginning after June 15, 2017. The District has adopted GASB Statement No. 85 during the year ended June 30, 2018 and it did not have a significant impact on the financial statements.

Recently Issued and Adopted Accounting Principles

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management has not yet determined the impact of this statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this statement on the financial statements.

T. Subsequent events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 7, 2019, the date that the financial statements were available for issuance. See Note 21 for disclosure of subsequent events.

2. Reconciliation of Government-Wide and Fund Financial Statements

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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

The details of this \$28,724,351 difference are as follows:

Bonds Payable	\$	22,230,000
Unamortized premium on bonds		837,414
Compensated absences		<u>5,656,937</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities	\$	<u>28,724,351</u>

3. Deposits and Investments

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund and the New Jersey Asset and Rebate Management Fund.

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

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

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

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

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

At June 30, 2018, the District's carrying value of its deposits was \$9,047,257 and the bank balance was \$10,521,710. Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2018 were secured by federal depository insurance and \$9,336,880 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$934,830 held in the District's agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

3. Deposits and Investments (continued)

held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

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

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

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2018, the District had no investments.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. At June 30, 2018, the District had no investments.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Increases	Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$195,190			\$195,190
Construction in progress	74,261	\$86,970	\$ (74,261)	86,970
Total capital assets, not being depreciated	269,451	86,970	(74,261)	282,160
Capital assets, being depreciated				
Land improvements	596,300			596,300
Buildings and building improvements	119,807,343	20,424	74,261	119,902,028
Machinery, equipment, and vehicles	7,167,149	531,141		7,698,290
Total capital assets being depreciated	127,570,792	551,565	74,261	128,196,618
Less accumulated depreciation for:				
Land improvements	596,300			596,300
Buildings and building improvements	35,422,339	3,096,482		38,518,821
Machinery, equipment, and vehicles	5,158,760	513,306		5,672,066
Total accumulated depreciation	41,177,399	3,609,788		44,787,187
Total capital assets being depreciated, net	86,393,393	(3,058,223)	74,261	83,409,431
Governmental activities capital assets, net	\$86,662,844	\$ (2,971,253)	\$ -	\$83,691,591

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

4. Capital Assets (continued)

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

Instruction	\$	2,163,274
Attendance/social work		14,072
Health services		45,395
Other support services		398,350
Improvement of instruction		13,015
Other support - instructional staff		46,330
School library		69,415
General administration		50,353
School administration		134,476
Central services		69,632
Information technology		63,034
Required maintenance of plant services		81,849
Operation of plant		284,556
Student transportation		176,037
	\$	3,609,788

The following is a summary of business-type activities changes in capital assets for the year ended June 30, 2018.

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 871,278	\$ 39,723	\$ 911,001
Less accumulated depreciation for:			
Equipment	720,975	30,809	751,784
Total business-type activities capital assets, net	\$ 150,303	\$ 8,914	\$ 159,217

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities

Bonds Payable

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

Bonds payable at June 30, 2018 are comprised of the following issues:

\$40,165,000, 2009 refunding bonds, due in annual installments ranging from \$3,845,000 to \$4,360,000 through February 1, 2022 at interest rates ranging from 4.00% to 4.75%. These bonds were issued to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2018, \$0 of the refunded debt remains outstanding.

\$10,980,000, 2013 school improvement bonds, due in annual installments ranging from \$1,110,000 to \$1,225,000 through February 1, 2023 at interest rates ranging from 1.25% to 2.00%. These bonds were issued to finance the school facilities project approved in September 2012.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2019	\$ 4,955,000	\$ 800,550	\$ 5,755,550
2020	5,150,000	632,875	5,782,875
2021	5,345,000	458,088	5,803,088
2022	5,555,000	252,512	5,807,512
2023	1,225,000	24,500	1,249,500
	<u>\$ 22,230,000</u>	<u>\$ 2,168,525</u>	<u>\$ 24,398,525</u>

Bonds Authorized But Not Issued

As of June 30, 2018, the District had no authorized but not issued bonds.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Changes in Long-term Liabilities

	Beginning			Ending	Due within
	Balance	Additions	Reductions	Balance	One Year
Governmental activities:					
Bonds payable	\$27,000,000		\$4,770,000	\$22,230,000	\$4,955,000
Premium on bonds	1,043,518		206,104	837,414	206,104
Compensated absences	5,524,507	\$394,353	261,923	5,656,937	499,538
Subtotal	33,568,025	394,353	5,238,027	28,724,351	5,660,642
Net pension liability	40,347,557		9,635,144	30,712,413	
Total governmental activities long-term liabilities	\$73,915,582	\$394,353	\$14,873,171	\$59,436,764	\$5,660,642

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

6. Pension Plans

Description of Systems

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased through July 2018 that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2018, the State of New Jersey contributed \$8,089,243 to the TPAF for post-retirement medical benefits, disability insurance and pensions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$2,566,087 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the Government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for the years ended June 30, 2018, 2017 and 2016 were \$1,210,252, \$1,222,239, and \$1,052,890, respectively, equal to the required contributions for each year.

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

Public Employee's Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$30,712,413 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.1319352300 percent, which was a decrease of 0.0042952358 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$2,821,489 in the government-wide financial statements. At June 30, 2018, the District reported deferred outflows and inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 6,187,493	\$ 6,164,808
Difference between expected and actual experience	723,171	
Net difference between projected and actual earnings on pension plan investments	209,131	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,470,667	765,561
District contributions subsequent to the measurement date	1,354,304	
	<u>\$ 10,944,766</u>	<u>\$ 6,930,369</u>

\$1,354,304 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Year ended June 30:

2019	\$	1,344,862
2020		1,679,702
2021		1,149,702
2022		(765,963)
2023		(748,210)
	\$	<u>2,660,093</u>

Additional Information

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increase through 2026	1.65 - 4.15%
	based on age
Thereafter	2.65 - 5.15%
	based on age
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2017 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.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

In addition, the tables for service retirements and beneficiaries of formers members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2017 calculated using the discount rate as disclosed on the previous page as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	At 1% decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
State's proportionate share of the net pension liability associated with the District	\$ 38,100,833	\$ 30,712,413	\$ 24,556,944

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 6,424,455,842
Deferred inflows of resources	\$ 5,700,625,981
Net pension liability	\$23,278,401,588
 District's Proportion	 0.1319352300%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2017, 2016, 2015 and 2014 is 5.48, 5.57, 5.72, and 6.44 years, respectively.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2017 was \$209,986,019. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3114428785 percent, which was a decrease of 0.0061121316 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$14,546,748 for contributions incurred by the State.

Actuarial assumptions

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Inflation rate	2.25%
Salary increases: 2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Mortality Rates

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

The actuarial assumptions used in the July 1, 2016 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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	At 1% decrease (3.25%)	At current discount rate (4.25%)	At 1% increase (5.25%)
State's proportionate share of the net pension liability associated with the District	\$ 249,469,977	\$ 209,986,019	\$ 177,458,962

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$14,251,854,934
Deferred inflows of resources	\$11,807,238,433
Net pension liability	\$67,423,605,859
District's Proportion	0.3114428785%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2017 is \$4,682,493,081.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2017, 2016, 2015, and 2014 is 8.3, 8.3, 8.3, and 8.5 years, respectively.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits

Plan description and benefits provided

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

The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2018, 2017, and 2016 were \$3,172,217, \$2,918,896, and \$3,027,379 respectively, which equaled the required contributions for each year.

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$53,639,841,858.

Changes in the Total OPEB Liability

Below represents the changes in the State's portion of the OPEB liability associated with the District for the year ended June 30, 2017:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2016	\$ 160,761,108
Changes for the year:	
Service cost	6,829,938
Interest	4,729,081
Changes in assumptions or other inputs	(19,257,642)
Member contributions	127,696
Benefit payments	<u>(3,467,886)</u>
Net changes	<u>(11,038,813)</u>
Ending Total OPEB Liability, June 30, 2017	<u>\$ 149,722,295</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2017</u>
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benef	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	<u>366,078</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$149,722,295. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary increase through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 20, 2017 valuation were based on the results of the actual experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Mortality Rates

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality table for males or females, as appropriate, with adjustments for mortality improvements based on MP-2017 scale. Postretirement mortality

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

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

Health Care Trend Assumptions

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

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to Changes in the discount rate and healthcare cost trend rate

The following represents the State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	At 1% decrease (2.58%)	At current discount rate (3.58%)	At 1% increase (4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 177,731,166	\$ 149,722,295	\$ 127,505,392

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The following represents the State's proportionate share of the net OPEB liability associated with the District at June 30, 2017 calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	Healthcare Cost		
	1% decrease	Trend Rates	1% increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 177,731,166	\$ 149,722,295	\$ 127,505,392

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

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$9,561,330 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 99,843,255
Deferred inflows of resources	\$ 6,443,612,287
Collective OPEB Expense	\$ 3,348,490,523
District's Proportion	0.28%

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

8. Risk Management

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

9. Deferred Compensation

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2018 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 828,423	
Capital Projects Fund		\$ 963,106
Debt Service Fund	586,789	452,106
	<u>\$ 1,415,212</u>	<u>\$ 1,415,212</u>

The interfunds between the capital projects fund, general fund and debt service fund represent interest earned on investments in the capital projects fund that were transferred to the general fund and debt service fund, as required by statute and completed capital projects transferred back to the original funding sources. All interfunds are expected to be repaid within one year.

11. Economic Dependency

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

12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In addition, the District received funding from the New Jersey Schools Development Authority (NJSDA), in connection with certain approved projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required.

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

13. Capital Reserve Account

A capital reserve account was established by the District by inclusion of \$1,275,000 in June 2002 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance July 1, 2017	\$ 2,274,167
Withdrawals:	
Capital Outlay – Budgeted Withdrawal	(1,000,000)
Deposits:	
Unspent capital outlay funds not utilized in 2017-18	584,086
Return of unused capital reserve funds for completed projects	373,721
Interest earned on capital reserve funds	10,476
Ending balance, June 30, 2018	<u>\$ 2,242,450</u>

Of the balance of \$2,242,450 at June 30, 2018, \$100,000 has been appropriated in the 2018-19 approved budget. The balance in the capital reserve does not exceed the LRFP balance of local support costs of uncompleted capital projects at June 30, 2018.

14. Deficit Fund Balances

The District has a deficit fund balance of \$4,950 in the Special Revenue Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditures asset, liability)

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

14. Deficit Fund Balances (continued)

should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable.

15. Transfers

The following presents a reconciliation of transfers during the 2018 fiscal year:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 376,315	
Capital Projects Fund		\$ 730,375
Debt Service Fund	354,060	
	<u>\$ 730,375</u>	<u>\$ 730,375</u>

The transfer out of the capital projects fund to the general fund relates to a transfer of interest in the amount of \$2,594 and \$373,721 related to the unspent portion of local funds that were transferred to the capital projects fund for capital projects that were partially funded by capital reserve funds. \$347,259 of the transfer out of the capital projects fund to the debt service fund relates to a portion of fund balance remaining from a completed project (the remaining balance will be transferred over a 3 year period, as allowable to debt service fund) and \$6,801 of interest was transferred to the debt service fund. The District is not permitted to spend the interest earned on capital projects, but the District may use the interest to pay down the debt or use for general fund purposes.

16. Restricted Assets

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

17. Commitments

The District also has contracts with several vendors for goods and services that have not been received as of June 30, 2018. These encumbrances, in the amount of \$298,468 are recorded as assigned to other purposes on the general fund balance sheet and \$87,832 as part of the restricted fund balance in the capital projects fund.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

18. Net Position - Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$61,422,775 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 83,691,591
Bonds payable (used to build or acquire capital assets)	(22,142,168)
Deferred loss on defeasance of debt	710,766
Unamortized deferred premium	<u>(837,414)</u>
Total net investment in capital assets	<u>\$ 61,422,775</u>

19. Tax Abatements

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

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

19. Tax Abatements (continued)

The Municipality of Princeton recognized revenue of \$1,450,288 from the annual service charge in lieu of payment of taxes in 2017 and taxes in 2017 that otherwise would have been due on these long-term tax exemptions amounted to \$5,890,070, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$4,739,782 abatement would have been allocated to the District.

20. Legal Settlement-Special Item

The District received a legal settlement during the current fiscal year in the amount of \$100,000, which has been recorded as a special item in the capital projects fund.

21. Subsequent Events

On October 30, 2018, the District issued refunding bonds in the amount of \$12,155,000, to refund \$12,555,000 of its 2009 refunding bonds. This advance refunding was undertaken to reduce total debt service payments over the subsequent four years by \$524,853 and resulted in a net present value savings of \$508,512.

On December 11, 2018, the District held a special election to approve a referendum for improvements to various schools, including an authorization to issue bonds in an amount not to exceed \$27,000,000. The referendum was approved by the taxpayers of the community. Bonds related to the referendum were issued on January 23, 2019 in the amount of \$26,928,000.

Required Supplementary Information
Part II

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	N/A	0.1131855499%	0.1200403097%	0.1224672619%	0.1362304658%	0.1319352300%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	\$ 21,632,007	\$ 22,474,829	\$ 27,491,446	\$ 40,347,557	\$ 30,712,413
District's covered-employee payroll	\$ 7,642,663	\$ 8,327,261	\$ 8,321,725	\$ 7,612,134	\$ 7,555,725	\$ 7,927,404	\$ 8,239,488	\$ 9,157,896	\$ 8,864,968	\$ 9,192,234
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	272.88%	272.77%	300.19%	455.13%	334.11%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	N/A	N/A	48.72%	52.08%	47.93%	40.14%	48.10%

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$ 712,982	\$ 954,454	\$ 996,498	\$ 858,227	\$ 852,830	\$ 989,595	\$ 1,052,890	\$ 1,210,252	\$ 1,210,252	\$ 1,354,304
Contributions in relation to the contractually required contribution	(712,982)	(954,454)	(996,498)	(858,227)	(852,830)	(989,595)	(1,052,890)	(1,210,252)	(1,210,252)	(1,354,304)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,327,261	\$ 8,321,725	\$ 7,612,134	\$ 7,555,725	\$ 7,927,404	\$ 8,239,488	\$ 9,157,896	\$ 8,864,968	\$ 9,192,234	\$ 9,860,178
Contributions as a percentage of covered-employee payroll	8.56%	11.47%	13.09%	11.36%	10.76%	12.01%	11.50%	13.65%	13.17%	13.74%

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

Last Ten Fiscal Years*

	Year Ended June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3126860786%	0.3194868784%	0.3175550101%	0.3114428785%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 167,120,532	\$ 201,929,350	\$ 249,808,990	\$ 209,986,019
Total proportionate share of the net pension liability (asset) associated with the District	\$ 167,120,532	\$ 201,929,350	\$ 249,808,990	\$ 209,986,019
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	33.64%

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

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

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

Princeton Public Schools
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>
State's proportion of the net OPEB liability (asset) associated with the District	0.28%	0.28%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 149,722,295	\$ 160,761,108
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 149,722,295</u>	<u>\$ 160,761,108</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
	<u>2018</u>	<u>2017**</u>
Total OPEB Liability		
Service cost	\$ 6,829,938	
Interest cost	4,729,081	
Changes of assumptions	(19,257,642)	
Member contributions	127,696	
Gross benefit payments	(3,467,886)	
Net change in total OPEB liability	<u>(11,038,813)</u>	
Total OPEB liability - beginning	<u>160,761,108</u>	
Total OPEB liability - ending	<u>\$ 149,722,295</u>	
Covered-employee payroll	\$ 42,968,951	
Total OPEB liability as a percentage of covered-employee payroll	348.44%	

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

** information not available.

Princeton Public Schools

Notes to Required Supplementary Information
Year Ended June 30, 2018

1. PENSION - PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

2. PENSION - TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

3. OTHER POST-RETIREMENT BENEFIT PLAN - PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Required Supplementary Information
Part III

Budgetary Comparison Schedules

**BOARD OF EDUCATION
PRINCETON PUBLIC SCHOOLS
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 73,055,295		\$ 73,055,295	\$ 73,055,295	
Tuition	5,117,928		5,117,928	5,228,140	\$ 110,212
Transportation - Hazardous Routes	200,000		200,000	168,768	(31,232)
Interest Earned on Investments	80,300		80,300	73,807	(6,493)
Miscellaneous	347,500		347,500	427,356	79,856
Total - Local Sources	78,801,023		78,801,023	78,953,366	152,343
State Sources:					
Categorical Special Education Aid	2,140,906		2,140,906	2,189,906	49,000
Transportation Aid	845,567		845,567	845,567	
Security Aid	300,916		300,916	300,916	
Adjustment Aid	107,606		107,606	107,606	
PARCC Readiness Aid	34,020		34,020	34,020	
Per Pupil Growth Aid	34,020		34,020	34,020	
Aid for Adult & Post-Grad Programs	35,810		35,810	35,810	
Non-Public Transportation Aid				64,840	64,840
Extraordinary Aid	600,000		600,000	1,369,345	769,345
Lead Testing Reimbursement				10,010	10,010
TPAF Pension (On-Behalf - Non-Budgeted)				4,911,474	4,911,474
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				3,172,217	3,172,217
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				5,552	5,552
TPAF Social Security (Reimbursed - Non-Budgeted)				2,566,087	2,566,087
Total State Sources	4,098,845		4,098,845	15,647,370	11,548,525
Federal Sources:					
Medical Assistance Program	48,420		48,420	5,023	(43,397)
Total - Federal Sources	48,420		48,420	5,023	(43,397)
Total Revenues	82,948,288		82,948,288	94,605,759	11,657,471
EXPENDITURES:					
Current:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	116,962		116,962	116,962	
Kindergarten - Salaries of Teachers	985,605	\$ (44,999)	940,606	938,301	2,305
Grades 1-5 - Salaries of Teachers	7,286,326	239,574	7,525,900	7,484,097	41,803
Grades 6-8 - Salaries of Teachers	3,942,359	(27,314)	3,915,045	3,915,041	4
Grades 9-12 - Salaries of Teachers	9,094,096	128,379	9,222,475	9,221,896	579
Regular Programs - Home Instruction					
Salaries of Teachers	56,000		56,000	45,383	10,617
Purchased Professional-Educational Services	55,000	(14,549)	40,451	37,252	3,199
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	1,311,048	(508,478)	802,570	769,497	33,073
Purchased Professional-Educational Services	271,912	(16,700)	255,212	242,739	12,473
Purchased Technical Services		11,950	11,950	10,076	1,874
Other Purchased Services	302,689	(10,030)	292,659	238,032	54,627
General Supplies	1,440,680	95,176	1,535,856	1,421,095	114,761
Textbooks	223,364	(90,945)	132,419	129,340	3,079
Other Objects	155,834	25,911	181,745	147,130	34,615
TOTAL REGULAR PROGRAMS - INSTRUCTION	25,241,875	(212,025)	25,029,850	24,716,841	313,009
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	264,600	(10,000)	254,600	244,935	9,665
Other Salaries for Instruction	108,912	(5,307)	103,605	103,407	198
General Supplies	28,500	(28,500)			
Other Objects	875	(875)			
Total Learning and/or Language Disabilities	402,887	(44,682)	358,205	348,342	9,863
Behavioral Disabilities					
Salaries of Teachers	56,000	14,298	70,298	70,297	1
Total Behavioral Disabilities	56,000	14,298	70,298	70,297	1
Multiple Disabilities					
Salaries of Teachers		76,797	76,797	76,797	
Other Salaries for Instruction		41,542	41,542	41,542	
Total Multiple Disabilities		118,339	118,339	118,339	

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center					
Salaries of Teachers	\$ 3,386,094	\$ (39,525)	\$ 3,346,569	\$ 3,345,884	\$ 685
Other Salaries for Instruction	1,493,978	(4,821)	1,489,157	1,485,809	3,348
General Supplies	28,750	(16,472)	12,278	12,234	44
Textbooks	1,000	(1,000)			
Total Resource Room/Resource Center	4,909,822	(61,818)	4,848,004	4,843,927	4,077
Autism:					
Salaries of Teachers	586,682	35,464	622,146	622,144	2
Other Salaries for Instruction	783,233	334,004	1,117,237	1,117,235	2
General Supplies	15,500	(13,774)	1,726	1,533	193
Other Objects	5,000	(1,328)	3,672	3,526	146
Total Autism	1,390,415	354,366	1,744,781	1,744,438	343
Preschool Disabilities - Full-Time					
Salaries of Teachers	307,146	1,427	308,573	308,573	
Other Salaries for Instruction	197,300	9,913	207,213	205,749	1,464
General Supplies	6,000	(6,000)			
Total Preschool Disabilities - Full-Time	510,446	5,340	515,786	514,322	1,464
TOTAL SPECIAL EDUCATION - INSTRUCTION	7,269,570	385,843	7,655,413	7,639,665	15,748
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,164,419	(14,490)	1,149,929	1,139,396	10,533
Other Salaries for Instruction	97,170	20,897	118,067	102,555	15,512
Total Basic Skills/Remedial - Instruction	1,261,589	6,407	1,267,996	1,241,951	26,045
Bilingual Education - Instruction					
Salaries of Teachers	727,137		727,137	727,137	
Other Salaries for Instruction	132,461	13,709	146,170	146,170	
General Supplies	2,631		2,631	2,010	621
Total Bilingual Education - Instruction	862,229	13,709	875,938	875,317	621
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	271,870	8,148	280,018	280,017	1
Purchased Services	5,000		5,000	5,000	
Supplies and Materials	9,217	(800)	8,417	7,256	1,161
Other Objects	5,940		5,940	3,385	2,555
Total School-Spon. Cocurricular Actvts. - Inst.	292,027	7,348	299,375	295,658	3,717
School-Spon. Athletics					
Salaries	932,208	11,756	943,964	919,166	24,798
Purchased Services	143,661	(1,740)	141,921	120,596	21,325
Supplies and Materials	108,600	(3,550)	105,050	96,702	8,348
Other Objects	29,000	353	29,353	27,337	2,016
Total School-Spon. Athletics	1,213,469	6,819	1,220,288	1,163,801	56,487
Behavioral Disabilities					
Salaries of Reading Specialists	76,797		76,797	76,797	
Total Behavioral Disabilities	76,797		76,797	76,797	
TOTAL INSTRUCTION	36,217,556	208,101	36,425,657	36,010,030	415,627

**BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to County Voc. School Dist. - Regular	\$ 177,500	\$ (6,443)	\$ 171,057	\$ 171,056	\$ 1
Tuition to CSSD & Regional Day Schools	810,359	(51,483)	758,876	754,876	4,000
Tuition to Private Schools for the Disabled - Within State	1,242,257	266,515	1,508,772	1,464,842	43,930
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	300,840	(123,745)	177,095	177,095	
Tuition - Other	306,660	(20,578)	286,082	286,082	
Total Undistributed Expenditures - Instruction	2,837,616	64,266	2,901,882	2,853,951	47,931
Undistributed Expend. - Attend. & Social Work					
Salaries	268,144	512	268,656	262,876	5,780
Other Purchased Services	3,000	(1,500)	1,500	605	895
Total Undistributed Expend. - Attend. & Social Work	271,144	(988)	270,156	263,481	6,675
Undist. Expend. - Health Services					
Salaries	657,457	145,252	802,709	802,545	164
Purchased Professional and Technical Services	38,000	(4,937)	33,063	27,050	6,013
Supplies and Materials	30,555	(9,338)	21,217	20,404	813
Total Undistributed Expenditures - Health Services	726,012	130,977	856,989	849,999	6,990
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries	1,139,351	34,194	1,173,545	1,173,062	483
Purchased Professional - Educational Services		20,000	20,000	20,000	
Supplies and Materials	5,000	(5,000)			
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	1,144,351	49,194	1,193,545	1,193,062	483
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	104,708		104,708	104,708	
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	104,708		104,708	104,708	
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,505,680	(21,807)	1,483,873	1,483,473	400
Salaries of Secretarial and Clerical Assistants	230,385		230,385	230,384	1
Other Salaries	29,950		29,950	29,632	318
Other Purchased Services	5,375		5,375	3,794	1,581
Supplies and Materials	9,909		9,909	9,583	326
Other Objects	1,105		1,105	605	500
Total Undist. Expend. - Guidance	1,782,404	(21,807)	1,760,597	1,757,471	3,126
Undist. Expend. - Child Study Team					
Salaries of Other Professional Staff	2,246,756	(89,676)	2,157,080	2,149,037	8,043
Salaries of Secretarial and Clerical Assistants	165,255	13,845	179,100	179,096	4
Other Salaries	332,500	(140,873)	191,627	182,661	8,966
Unused Vacation Payment to Terminated/Retired Staff		1,174	1,174	1,174	
Purchased Prof. - Educational Services	932,500	81,338	1,013,838	979,815	34,023
Miscellaneous Purchased Services	46,700	(17,099)	29,601	27,276	2,325
Supplies and Materials	85,200	(14,289)	70,911	69,354	1,557
Other Objects	1,000	(1,000)			
Total Undist. Expend. - Child Study Team	3,809,911	(166,580)	3,643,331	3,588,413	54,918
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	90,431	5,089	95,520	95,518	2
Other Salaries	136,749	(22,849)	113,900	113,899	1
Other Purchased Services	14,300	(6,233)	8,067	3,642	4,425
Supplies and Materials	9,887	(200)	9,687	7,573	2,114
Other Objects	24,405	(1,348)	23,057	23,057	
Total Undist. Expend. - Improvement of Inst. Serv.	275,772	(25,541)	250,231	243,689	6,542

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 790,131	\$ 6,632	\$ 796,763	\$ 771,254	\$ 25,509
Supplies and Materials	100,767	(350)	100,417	96,241	4,176
Total Undist. Expend. - Edu. Media Serv./Sch. Library	890,898	6,282	897,180	867,495	29,685
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	1,059,486	(39,386)	1,020,100	1,018,304	1,796
Salaries - Other Professional Staff	108,829	(27,170)	81,659	81,659	
Salaries - Secretaries and Clerical Assistants	122,897	7,886	130,783	130,783	
Unused Vacation Payment to Terminated/Retired Staff		39,954	39,954	39,954	
Purchased Professional - Educational Services	8,000	21,050	29,050	29,050	
Total Undist. Expend. - Instructional Staff Training Serv.	1,299,212	2,334	1,301,546	1,299,750	1,796
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries - Supervisor of Instruction	463,737	12,207	475,944	475,942	2
Legal Services	130,000	150,683	280,683	266,365	14,318
Audit Fees	86,600	(6,200)	80,400	80,400	
Other Purchased Professional Services	11,000	3,500	14,500	11,000	3,500
Communications/Telephone	110,000	(75,619)	34,381	14,553	19,828
Board of Education Other Purchased Services	300	1,500	1,800	655	1,145
Miscellaneous Purchased Services	29,538	(12,373)	17,165	14,149	3,016
General Supplies	59,104	(13,861)	45,243	35,823	9,420
Miscellaneous Expenditures	10,000	3,637	13,637	12,781	856
Board of Education Dues and Fees	33,000	2,663	35,663	31,163	4,500
Total Undist. Expend. - Supp. Serv. - General Admin.	933,279	66,137	999,416	942,831	56,585
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,614,240	8,319	1,622,559	1,621,056	1,503
Salaries of Secretarial and Clerical Assistants	769,873	(3,898)	765,975	762,777	3,198
Other Salaries	7,175	4,828	12,003	9,057	2,946
Unused Vacation Payment to Term/Ret Staff	14,114	(14,027)	87	87	
Other Purchased Services	61,445	(6,957)	54,488	24,624	29,864
Supplies and Materials	74,219	(17,485)	56,734	42,553	14,181
Other Objects	49,430	11,511	60,941	55,449	5,492
Total Undist. Expend. - Support Serv. - School Admin.	2,590,496	(17,709)	2,572,787	2,515,603	57,184
Undist. Expend. - Central Services					
Salaries	1,035,495	29,256	1,064,751	1,060,985	3,766
Purchased Professional Services	33,700	8,700	42,400	35,999	6,401
Purchased Technical Services	88,000	(11,800)	76,200	75,587	613
Miscellaneous Purchased Services	76,050	7,839	83,889	75,128	8,761
Supplies and Materials	57,740	(16,865)	40,875	35,825	5,050
Miscellaneous Expenditures	14,870	(1,594)	13,276	9,977	3,299
Total Undist. Expend. - Central Services	1,305,855	15,536	1,321,391	1,293,501	27,890
Undist. Expend. - Technology Admin.					
Salaries	729,827	40,851	770,678	769,668	1,010
Purchased Professional Services	64,000	(40,460)	23,540	23,540	
Other Purchased Services	125,000	(53,784)	71,216	56,070	15,146
Travel	1,000		1,000	90	910
Other Purchased Services	5,000		5,000	710	4,290
Supplies and Materials	260,000	(27,583)	232,417	220,970	11,447
Total Undist. Expend. - Technology Admin.	1,184,827	(80,976)	1,103,851	1,071,048	32,803
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	565,088	(23,978)	541,110	540,136	974
Cleaning, Repair and Maintenance Services	698,121	239,032	937,153	851,941	85,212
Lead Testing of Drinking Water		10,010	10,010	10,010	
Travel	600		600	118	482
General Supplies	139,869	(33,269)	106,600	98,514	8,086
Other Objects	6,500	6,324	12,824	12,824	
Total Undist. Expend. - Required Maint. for Sch. Facil.	1,410,178	198,119	1,608,297	1,513,543	94,754

**BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 2,091,448	\$ (22,740)	\$ 2,068,708	\$ 2,058,539	\$ 10,169
Salaries of Non-Instructional Aides	123,863	(6,000)	117,863	114,076	3,787
Purchased Professional - Technical Services	37,460	351,446	388,906	348,322	40,584
Cleaning, Repair and Maintenance Services	76,940	(1,195)	75,745	72,310	3,435
Rental of Land & Buildings other than Leases		43,120	43,120	42,545	575
Other Purchased Property Services	115,000	(25,348)	89,652	88,926	726
Insurance	365,685	(33,807)	331,878	331,877	1
General Supplies	181,428	21,224	202,652	197,274	5,378
Miscellaneous Purchased Services	600		600	490	110
Natural Gas	400,000	(9,592)	390,408	341,482	48,926
Electricity	1,095,000	(66,549)	1,028,451	791,065	237,386
Energy	14,000	500	14,500	13,979	521
Total Undist. Expend. - Custodial Services	4,501,424	251,059	4,752,483	4,400,885	351,598
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	312,273	12,215	324,488	320,423	4,065
Cleaning, Repair and Maintenance Services	20,000	(3,771)	16,229	12,412	3,817
General Supplies	30,000	6,037	36,037	32,886	3,151
Total Undist. Expend. - Care and Upkeep of Grounds	362,273	14,481	376,754	365,721	11,033
Undist. Expend. - Security					
Salaries	126,781	40,084	166,865	149,839	17,026
Cleaning, Repair and Maintenance Services	7,000	5,174	12,174	12,174	
General Supplies	45,000	(474)	44,526	44,444	82
Total Undist. Expend. - Security	178,781	44,784	223,565	206,457	17,108
Undist. Expend. - Student Transportation Serv.					
Salaries for Non-Instructional Aids	169,852	(6,730)	163,122	163,122	
Salaries for Pupil Trans. (Between Home & School) - Regular	383,802	158,192	541,994	541,994	
Salaries for Pupil Trans. (Between Home & School) - Sp. Ed.	429,682	(25,713)	403,969	403,968	1
Salaries for Pupil Trans. Other than Between Home & School	62,780	19,230	82,010	56,884	25,126
Cleaning, Repair & Maintenance Services	98,000	50,648	148,648	137,350	11,298
Lease Purchase Payments-School Buses	10,000	(7,648)	2,352	1,999	353
Contracted Services Aid In Lieu of Payment for Non-public School Students	235,000	(17,350)	217,650	170,268	47,382
Contracted Services (Between Home and School) - Vendors	959,100	(30,816)	928,284	816,392	111,892
Contracted Services (Other than Between Home and School) - Vendors	275,745	17,664	293,409	254,804	38,605
Contracted Services (Sp. Ed.) - Vendors	477,727	(182,100)	295,627	275,741	19,886
Contracted Services (Sp. Ed.) - Joint Agreements	300,000	(218,536)	81,464	56,255	25,209
Miscellaneous Purchased Services - Transportation	61,000	11,586	72,586	70,127	2,459
General Supplies	114,100	(24,000)	90,100	81,649	8,451
Transportation Supplies	17,500	(14,100)	3,400	876	2,524
Other Objects	7,250		7,250	3,105	4,145
Total Undist. Expend. - Student Transportation Serv.	3,601,538	(269,673)	3,331,865	3,034,534	297,331
Unallocated Benefits					
Group Insurance		2,400	2,400	2,387	13
Social Security Contributions	1,170,000	74,420	1,244,420	1,243,907	513
Other Retirement Contributions - Regular	1,343,927	(61,937)	1,281,990	1,281,636	354
Workmen's Compensation	347,827	8,231	356,058	356,057	1
Health Benefits	10,835,509	(408,011)	10,427,498	10,280,196	147,302
Tuition Reimbursement	95,000		95,000	92,381	2,619
Other Employee Benefits	892,490	7,575	900,065	900,065	
Unused Vac. Payment to Term/Ret. Staff	100,000	244,599	344,599	344,599	
Total Unallocated Benefits	14,784,753	(132,723)	14,652,030	14,501,228	150,802
On-behalf TPAF Pension Contributions (non-budgeted)				4,911,474	(4,911,474)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				3,172,217	(3,172,217)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				5,552	(5,552)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,566,087	(2,566,087)
Total On-behalf Contributions				10,655,330	(10,655,330)
TOTAL UNDISTRIBUTED EXPENDITURES	43,995,432	127,172	44,122,604	53,522,700	(9,400,096)
TOTAL GENERAL	80,212,988	335,273	80,548,261	89,532,730	(8,984,469)

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs-Instruction:					
Grades 9-12		\$ 16,872	\$ 16,872	\$ 16,872	
Special Education-Instruction:					
School- Spons. & Other Instruction Program	\$ 40,000	(15,316)	24,684	24,684	
Undistributed Expenditures:					
Support Services - Students-Reg.	25,000	(25,000)			
Support Services - Students-Spec.	15,000	(15,000)			
School Administration		2,368	2,368	2,368	
Central Services	6,800	(1,500)	5,300	2,079	\$ 3,221
Admin. Info. Tech.	85,000	24,223	109,223	109,223	
Undistributed Exp. - Central Services		8,233	8,233	8,233	
Undistributed Exp.-Req. Maint. of School Facilities	13,000	29,531	42,531	29,031	13,500
Undistributed Exp.-Care and Upkeep of Grounds	27,000	13,547	40,547	40,547	
Undistributed Exp.-Non-Instructional Services					
School buses-regular		262,290	262,290	261,638	652
Total Equipment	<u>211,800</u>	<u>300,248</u>	<u>512,048</u>	<u>494,675</u>	<u>17,373</u>
Facilities Acquisition and Construction Services					
Other Purchased Professional & Technical Services	100,000		100,000	16,400	83,600
Construction Services	900,000	(41,390)	858,610	298,124	560,486
Other Objects - Debt Service Assessment	239,765		239,765	239,765	
Total Facilities Acquisition and Construction Services	<u>1,239,765</u>	<u>(41,390)</u>	<u>1,198,375</u>	<u>554,289</u>	<u>644,086</u>
TOTAL CAPITAL OUTLAY	<u>1,451,565</u>	<u>258,858</u>	<u>1,710,423</u>	<u>1,048,964</u>	<u>661,459</u>
Contribution to Charter Schools	<u>5,876,388</u>	<u>(336,767)</u>	<u>5,539,621</u>	<u>5,539,621</u>	
TOTAL EXPENDITURES	<u>87,540,941</u>	<u>257,364</u>	<u>87,798,305</u>	<u>96,121,315</u>	<u>(8,323,010)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(4,592,653)</u>	<u>(257,364)</u>	<u>(4,850,017)</u>	<u>(1,515,556)</u>	<u>3,334,461</u>
Other Financing Sources:					
Transfer In				376,315	376,315
Total Other Financing Sources				<u>376,315</u>	<u>376,315</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	<u>(4,592,653)</u>	<u>(257,364)</u>	<u>(4,850,017)</u>	<u>(1,139,241)</u>	<u>3,710,776</u>
Fund Balance, July 1	<u>8,751,490</u>		<u>8,751,490</u>	<u>8,751,490</u>	
Fund Balance, June 30	<u>\$ 4,158,837</u>	<u>\$ (257,364)</u>	<u>\$ 3,901,473</u>	<u>\$ 7,612,249</u>	<u>\$ 3,710,776</u>
Recapitulation of (Deficiency) Excess of Revenues and Other Financing Sources (uses) (Under) Over Expenditures:					
Budgeted Fund Balance	\$ (3,601,453)		\$ (3,601,453)	\$ (913,594)	2,687,859
Adjustment for Prior Year Encumbrances		\$ (257,364)	(257,364)	(257,364)	
(Decrease) Increase in Capital Reserve	(991,200)		(991,200)	31,717	1,022,917
Total	<u>\$ (4,592,653)</u>	<u>\$ (257,364)</u>	<u>\$ (4,850,017)</u>	<u>\$ (1,139,241)</u>	<u>\$ 3,710,776</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				\$ 193,609	
Capital Reserve				2,242,450	
Assigned to:					
Designated for Subsequent Year's Expenditures				2,925,000	
Year End Encumbrances				298,468	
Unassigned Fund Balance				<u>1,952,722</u>	
				7,612,249	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Final State Aid Payments Not Realized on GAAP Basis				(244,548)	
Fund balance per Government Funds (GAAP)				<u>\$ 7,367,701</u>	

**Princeton Public Schools
Special Revenue Fund**

**Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
State sources	\$ 676,551	\$ 276,378	\$ 952,929	\$ 877,288	\$ (75,641)
Federal sources	1,129,039	795,799	1,924,838	1,639,733	(285,105)
Local sources		94,709	94,709	63,997	(30,712)
Total revenues	<u>1,805,590</u>	<u>1,166,886</u>	<u>2,972,476</u>	<u>2,581,018</u>	<u>(391,458)</u>
Expenditures					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	245,057	57,441	302,498	270,760	31,738
Purchased professional services	70,960	84,921	155,881	135,169	20,712
Other purchased services	821,577	55,952	877,529	856,206	21,323
General supplies	45,485	257,963	303,448	245,053	58,395
Textbooks	108,425	29,950	138,375	127,498	10,877
Other objects	48,906	45,987	94,893	92,788	2,105
Total instruction	<u>1,340,410</u>	<u>532,214</u>	<u>1,872,624</u>	<u>1,727,474</u>	<u>145,150</u>
Support services:					
Salaries	66,420	21,064	87,484	81,850	5,634
Personal services—employee benefits		45,288	45,288	42,155	3,133
Purchased professional services	292,710	369,845	662,555	480,544	182,011
Other purchased professional services		36,132	36,132	31,297	4,835
Supplies and materials		47,334	47,334	13,921	33,413
Other objects	106,050	115,009	221,059	203,777	17,282
Total support services	<u>465,180</u>	<u>634,672</u>	<u>1,099,852</u>	<u>853,544</u>	<u>246,308</u>
Total expenditures	<u>1,805,590</u>	<u>1,166,886</u>	<u>2,972,476</u>	<u>2,581,018</u>	<u>391,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Princeton Public Schools
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2018

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 94,605,759	\$ 2,581,018
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		22,450
Current year		(175,869)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	265,301	4,950
Current year	(244,548)	(4,950)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 94,626,512	\$ 2,427,599
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 96,121,315	\$ 2,581,018
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		22,450
Current year		(175,869)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 96,121,315	\$ 2,427,599

Supplementary Information

Special Revenue Fund

**Princeton Public Schools
Special Revenue Fund**
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
Year ended June 30, 2018

	Nonpublic Aid							Title I		
	Textbooks	Nursing	Auxiliary	Handicapped	Transportation	Security	Technology	Preschool Education Aid	Current	Prior Year
Revenues:										
State sources	\$ 127,498	\$ 249,860	\$ 41,745	\$ 110,105	\$ 11,962	\$ 195,261	\$ 91,357	\$ 49,500		
Federal sources									\$ 215,836	\$ 32,609
Local sources										
Total revenues	\$ 127,498	\$ 249,860	\$ 41,745	\$ 110,105	\$ 11,962	\$ 195,261	\$ 91,357	\$ 49,500	\$ 215,836	\$ 32,609
Expenditures:										
Instruction:										
Salaries of teachers								\$ 49,500	\$ 156,956	
Purchased professional services			\$ 41,745	\$ 62,062	\$ 11,962				15,200	
Other purchased services									732	\$ 2,194
General supplies									20,007	14,745
Textbooks	\$ 127,498									
Other objects							\$ 91,357			
Total instruction	127,498		41,745	62,062	11,962		91,357	49,500	192,895	16,939
Undistributed:										
Support services:										
Salaries									54	
Personal services-employee benefits									12,011	
Purchased professional services		\$ 249,860		48,043						6,910
Other purchased professional services									10,876	8,760
Supplies and materials										
Other objects						\$ 195,261				
Total support services		249,860		48,043		195,261			22,941	15,670
Total expenditures	\$ 127,498	\$ 249,860	\$ 41,745	\$ 110,105	\$ 11,962	\$ 195,261	\$ 91,357	\$ 49,500	\$ 215,836	\$ 32,609

Princeton Public Schools
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2018

	Title II A		Title III		Title IV	L.D.E.A.						
	Current	Current	Immigrant	Current	Part B Basic	Confucious Classroom	PEF Grant	Sustain NJ	Other Local	Totals		
Revenues:												
State sources											\$	877,288
Federal sources	\$ 49,138	\$ 45,329	\$ 27,221	\$ 1,652	\$ 1,267,948							1,639,733
Local sources						\$ 10,915	\$ 11,726	\$ 2,456	\$ 38,900			63,997
Total revenues	\$ 49,138	\$ 45,329	\$ 27,221	\$ 1,652	\$ 1,267,948	\$ 10,915	\$ 11,726	\$ 2,456	\$ 38,900	\$		2,581,018
Expenditures:												
Instruction:												
Salaries of teachers		\$ 33,289	\$ 10,040		\$ 16,968				\$ 4,007		\$	270,760
Purchased professional services			4,200									135,169
Other purchased services					853,280							856,206
General supplies		8,645	4,909		147,120	\$ 6,981	\$ 11,726		30,920			245,053
Textbooks												127,498
Other objects			1,431									92,788
Total instruction		41,934	20,580		1,017,368	6,981	11,726		34,927			1,727,474
Undistributed:												
Support services:												
Salaries		788	1,002		80,006							81,850
Personal services—employee benefits		2,607	845		26,692							42,155
Purchased professional services	\$ 30,383			\$ 1,652	143,882							480,730
Other purchased professional services	4,481		4,621			2,559						31,297
Supplies and materials	7,274		173			45		\$ 2,456	3,973			13,921
Other objects	7,000					1,330						203,591
Total support services	49,138	3,395	6,641	1,652	250,580	3,934		2,456	3,973			853,544
Total expenditures	\$ 49,138	\$ 45,329	\$ 27,221	\$ 1,652	\$ 1,267,948	\$ 10,915	\$ 11,726	\$ 2,456	\$ 38,900	\$		2,581,018

**Princeton Public Schools
Special Revenue Fund**

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

Year ended June 30, 2018

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

Summary of Location Totals

Total revised 2017-18 Preschool Education aid allocation	\$ 49,500
Add: Actual Preschool Education Aid carryover (June 30, 2017)	-
Total funds available for 2017-18 budget	49,500
 Less: 2017-18 budgeted Preschool Education aid (including prior year budgeted carryover)	 49,500
Available and unbudgeted funds as of June 30, 2018	-
 Add: 2017-18 unexpended Preschool Education aid	 -
2017-18 carryover Preschool Education aid/ Preschool	\$ -
 2017-18 Preschool Education aid carryover budgeted in 2018-19	 \$ -

Capital Projects Fund

Princeton Public Schools
Capital Projects Fund
Summary Schedule of Project Revenues, Expenditures,
Project Balance and Project Status
(Budgetary Basis)
Year ended June 30, 2018

	<u>Current Year</u>
Revenues and other financing sources	
State sources - SDA	\$ (249,147)
Interest	<u>9,395</u>
Total revenues and other financing sources	<u>(239,752)</u>
Expenditures and other financing uses	
Purchased professional and technical services	
Construction services	116,620
Equipment	
Transfer to debt service fund	354,060
Transfer to capital reserve	<u>376,315</u>
Total expenditures and other financing uses	<u>846,995</u>
Deficiency of revenues under expenditures before special item	(1,086,747)
Special item - legal settlement	<u>100,000</u>
Change in fund balance	(986,747)
Fund Balance, July 1	<u>1,609,243</u>
Fund Balance, June 30	<u>\$ 622,496</u>

**Princeton Public Schools
Capital Projects Fund**

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

Year ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Special Item</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and other financing sources					
Bond proceeds and transfers	\$ 43,526,422			\$ 43,526,422	\$ 43,526,422
State sources - SDA	15,027,531	\$ (249,147)		14,778,384	14,778,384
Contribution from private sources	500,000			500,000	500,000
Transfer from capital reserve	2,674,631			2,674,631	2,674,631
Transfer from capital outlay	<u>104,219</u>			<u>104,219</u>	<u>104,219</u>
Total revenues and other financing sources	61,832,803	(249,147)		61,583,656	61,583,656
Expenditures and other financing uses					
Purchased professional and technical services	7,974,827			7,974,827	
Construction services	51,058,146	116,620	\$ (100,000)	51,074,766	
Equipment	477,858			477,858	
Transfer to capital reserve		373,721		373,721	373,721
Transfer to debt service fund	<u>712,729</u>	<u>347,259</u>		<u>1,059,988</u>	
Total expenditures and other financing uses	60,223,560	837,600	(100,000)	60,961,160	373,721
Excess (deficiency) of revenues over					
(under) expenditures and other financing sources	<u>\$ 1,609,243</u>	<u>\$ (1,086,747)</u>	<u>\$ 100,000</u>	<u>\$ 622,496</u>	<u>\$ 61,209,935</u>

Princeton Public Schools
Capital Projects Fund

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

Princeton High School

Year ended June 30, 2018

	Prior Periods	Current Year	Special Item	Totals	Revised Authorized Cost
Revenues and other financing sources					
Bond proceeds and transfers	\$ 32,546,422			\$ 32,546,422	\$ 32,546,422
State sources - SDA	14,297,667			14,297,667	14,297,667
Contribution from private sources	500,000			500,000	500,000
Transfer from capital reserve	1,579,836			1,579,836	1,579,836
Transfer from capital outlay	104,219			104,219	104,219
Total revenues and other financing sources	49,028,144			49,028,144	49,028,144
Expenditures and other financing uses					
Purchased professional and technical services	6,610,927			6,610,927	
Construction services	40,444,527		\$ (100,000)	40,344,527	
Equipment	477,858			477,858	
Transfer to capital reserve					
Transfer to debt service fund	712,729	\$ 347,259		1,059,988	
Total expenditures and other financing uses	48,246,041	347,259	(100,000)	48,493,300	
Excess (deficiency) of revenues over (under) expenditures	\$ 782,103	\$ (347,259)	\$ 100,000	\$ 534,844	\$ 49,028,144
Additional project information					
Project number	4130-050-02-0516				
Grant date	3/1/2004				
Bond authorization date	5/15/2001				
Bonds authorized	\$ 30,167,280				
Bonds issued	\$ 30,167,280				
Original authorized cost	\$ 47,448,308				
Additional authorized cost	\$ 1,579,836				
Revised authorized cost	\$ 49,028,144				
Percentage increase over original authorized cost	3.22%				
Percentage completion	100.00%				
Original target completion date	10/1/2003				
Revised target completion date	Complete				

**Princeton Public Schools
Capital Projects Fund**

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

School Buildings & Valley Road Project

Year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds and transfers	\$ 10,980,000		\$ 10,980,000	\$ 10,980,000
State sources - SDA				
Contribution from private sources				
Transfer from capital reserve				
Transfer from capital outlay				
	<u>10,980,000</u>		<u>10,980,000</u>	<u>10,980,000</u>
Expenditures and other financing uses				
Purchased professional and technical services	1,351,539		1,351,539	
Construction services	9,424,189	\$ 116,620	9,540,809	
Equipment				
Transfer to capital reserve				
Total expenditures and other financing uses	<u>10,775,728</u>	<u>116,620</u>	<u>10,892,348</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 204,272</u>	<u>\$ (116,620)</u>	<u>\$ 87,652</u>	<u>\$ 10,980,000</u>
Additional project information				
Project number	N/A			
Grant date	N/A			
Bond authorization date	1/29/2013			
Bonds authorized	\$ 10,980,000			
Bonds issued	\$ 10,980,000			
Original authorized cost	\$ 10,980,000			
Additional authorized cost	\$ -			
Revised authorized cost	\$ 10,980,000			
Percentage increase over original authorized cost	0.00%			
Percentage completion	99.20%			
Original target completion date	Spring 2014			
Revised target completion date	December 2018			

**Princeton Public Schools
Capital Projects Fund**

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

Community Park Elementary School Window Replacement

Year ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and other financing sources				
Bond proceeds and transfers				
State sources - SDA	\$ 196,408	\$ (63,545)	\$ 132,863	\$ 132,863
Contribution from private sources				
Transfer from capital reserve	294,611		294,611	294,611
Transfer from capital outlay				
	<u>491,019</u>	<u>(63,545)</u>	<u>427,474</u>	<u>427,474</u>
Expenditures and other financing uses				
Purchased professional and technical services	4,126		4,126	
Construction services	328,030		328,030	
Equipment				
Transfer to capital reserve		95,318	95,318	95,318
Total expenditures and other financing uses	<u>332,156</u>	<u>95,318</u>	<u>427,474</u>	<u>95,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 158,863</u>	<u>\$ (158,863)</u>	<u>\$ -</u>	<u>\$ 332,156</u>
Additional project information				
Project Number	4255-110-14-1004			
Grant Date	9/17/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 491,019			
Additional Authorized Cost	(158,863)			
Revised Authorized Cost	\$ 332,156			
Percentage increase over original authorized cost	-32.35%			
Percentage completion	100.00%			
Target completion date	December 2016			
Revised target completion date	Complete			

**Princeton Public Schools
Capital Projects Fund**

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

Littlebrook Elementary School Window Replacement

Year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds and transfers				
State sources - SDA	\$ 50,276	\$ (15,590)	\$ 34,686	\$ 34,686
Contribution from private sources				
Transfer from capital reserve	75,414		75,414	75,414
Transfer from capital outlay				
	<u>125,690</u>	<u>(15,590)</u>	<u>110,100</u>	<u>110,100</u>
Expenditures and other financing uses				
Purchased professional and technical services				
	4,116		4,116	
Construction services				
	82,600		82,600	
Equipment				
Transfer to capital reserve		23,384	23,384	23,384
Total expenditures and other financing uses	86,716	23,384	110,100	23,384
Excess (deficiency) of revenues over (under) expenditures				
	<u>\$ 38,974</u>	<u>\$ (38,974)</u>	<u>\$ -</u>	<u>\$ 86,716</u>
Additional project information				
Project Number	4255-080-14-1002			
Grant Date	9/17/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 125,690			
Additional Authorized Cost	(38,974)			
Revised Authorized Cost	\$ 86,716			
Percentage increase over original authorized cost	-31.01%			
Percentage completion	100.00%			
Target completion date	December 2016			
Revised target completion date	Complete			

**Princeton Public Schools
Capital Projects Fund**

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

Princeton High School Window Replacement

Year ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and other financing sources				
Bond proceeds and transfers				
State sources - SDA	\$ 483,180	\$ (170,012)	\$ 313,168	\$ 313,168
Contribution from private sources				
Transfer from capital reserve	724,770		724,770	724,770
Transfer from capital outlay				
	<u>1,207,950</u>	<u>(170,012)</u>	<u>1,037,938</u>	<u>1,037,938</u>
Expenditures and other financing uses				
Purchased professional and technical services	4,119		4,119	
Construction services	778,800		778,800	
Equipment				
Transfer to capital reserve		255,019	255,019	255,019
Total expenditures and other financing uses	<u>782,919</u>	<u>255,019</u>	<u>1,037,938</u>	<u>255,019</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources	<u>\$ 425,031</u>	<u>\$ (425,031)</u>	<u>\$ -</u>	<u>\$ 782,919</u>
Additional project information				
Project Number	4255-050-14-1001			
Grant Date	9/17/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,207,950			
Additional Authorized Cost	(425,031)			
Revised Authorized Cost	\$ 782,919			
Percentage increase over original authorized cost	-35.19%			
Percentage completion	100.00%			
Target completion date	December 2016			
Revised target completion date	Complete			

Princeton Public Schools
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2018

Issue/Project Title	Appropriations	Expenditures to Date		Return of Funding Sources	Special Item	Unexpended Balance
		Prior Year	Current Year			
School facility projects - referendum	\$ 49,028,144	\$ 48,246,041		\$ 347,259	\$ 100,000	\$ 534,844
Schools and Valley Road Project	10,980,000	10,775,728	\$ 116,620			87,652
Community Park Elementary School Window Replacement	332,156	332,156				
Littlebrook Elementary School Window Replacement	86,716	86,716				
Princeton High School Window Replacement	782,919	782,919				
	<u>\$ 61,209,935</u>	<u>\$ 60,223,560</u>	<u>\$ 116,620</u>	<u>\$ 347,259</u>	<u>\$ 100,000</u>	<u>\$ 622,496</u>

Components of appropriations for referendum question - school facility projects

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

Increased by:

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

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

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

Components of appropriations - Community Park Elementary School Window Replacement

State sources - SDA	\$ 132,863
Transfer from capital reserve	199,293
	<u>\$ 332,156</u>

Components of appropriations - Littlebrook Elementary School Window Replacement

State sources - SDA	\$ 34,686
Transfer from capital reserve	52,030
	<u>\$ 86,716</u>

Components of appropriations - Princeton High School Window Replacement

State sources - SDA	\$ 313,168
Transfer from capital reserve	469,751
	<u>\$ 782,919</u>
	<u>\$ 61,209,935</u>

Fiduciary Funds

**Princeton Public Schools
Trust and Agency Funds**

Combining Statement of Fiduciary Net Position

June 30, 2018

	<u>Trust</u>			<u>Agency</u>		
	<u>Private - Purpose Scholarship Funds</u>	<u>Unemployment Compensation</u>	<u>Total Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>
Assets						
Cash and cash equivalents	\$ 14,663	\$ 533,288	\$ 547,951	\$ 408,985	\$ 879,170	\$1,288,155
Total assets	<u>14,663</u>	<u>533,288</u>	<u>547,951</u>	<u>\$ 408,985</u>	<u>\$ 879,170</u>	<u>\$1,288,155</u>
Liabilities						
Accounts payable		13,985	13,985			
Payroll deductions and withholdings payable					\$ 539,436	\$ 539,436
Summer savings payable					339,734	339,734
Due to student groups				\$ 408,985		408,985
Total liabilities		<u>13,985</u>	<u>13,985</u>	<u>\$ 408,985</u>	<u>\$ 879,170</u>	<u>\$1,288,155</u>
Net Position						
Held in trust	14,663	519,303	533,966			
Total net position	<u>\$ 14,663</u>	<u>\$ 519,303</u>	<u>\$ 533,966</u>			

Princeton Public Schools
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Private- Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust
Additions:			
Local sources:			
Plan member contributions		\$ 76,366	\$ 76,366
Interest on investments	\$ 113	2,627	2,740
Total additions	113	78,993	79,106
Deductions:			
Unemployment benefit payments		56,416	56,416
Scholarship payments	6,000		6,000
Total deductions	6,000	56,416	62,416
Change in net position	(5,887)	22,577	16,690
Net position, beginning	20,550	496,726	517,276
Net position, ending	\$14,663	\$ 519,303	\$ 533,966

Princeton Public Schools
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Middle school:				
John Witherspoon School	\$ 25,841	\$ 31,120	\$ 39,543	\$ 17,418
High school:				
Princeton High School	458,592	868,518	935,543	391,567
Total all schools	\$ 484,433	\$ 899,638	\$ 975,086	\$ 408,985

**Princeton Public Schools
Payroll Agency Fund**

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Assets				
Cash and equivalents	\$ 834,900	\$ 84,786,430	\$ 84,742,160	\$ 879,170
Total assets	<u>\$ 834,900</u>	<u>\$ 84,786,430</u>	<u>\$ 84,742,160</u>	<u>\$ 879,170</u>
Liabilities				
Payroll deductions and withholdings payable	\$ 500,900	\$ 84,446,696	\$ 84,408,160	\$ 539,436
Summer savings payable	334,000	339,734	334,000	339,734
Total liabilities	<u>\$ 834,900</u>	<u>\$ 84,786,430</u>	<u>\$ 84,742,160</u>	<u>\$ 879,170</u>

Long-Term Debt

**Princeton Public Schools
Long-Term Debt**

Schedule of Serial Bonds Payable

Year Ended June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Retired	Balance June 30, 2018
			Date	Amount				
Various Improvements-Refunding Bonds	8/1/09	\$ 40,165,000	2/1/2019	\$ 3,845,000	4.00%	\$ 20,090,000	\$ 3,690,000	\$ 16,400,000
			2/1/2020	4,015,000	4.00%			
			2/1/2021	4,180,000	4.50%			
			2/1/2022	4,360,000	4.75%			
School Bonds	1/29/13	10,980,000	2/1/2019	1,110,000	1.25%	6,910,000	1,080,000	5,830,000
			2/1/2020	1,135,000	1.25%			
			2/1/2021	1,165,000	1.50%			
			2/1/2022	1,195,000	1.75%			
			2/1/2023	1,225,000	2.00%			
						<u>\$ 27,000,000</u>	<u>\$ 4,770,000</u>	<u>\$ 22,230,000</u>

Princeton Public Schools
Debt Service Fund
Budgetary Comparison Schedule
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 5,512,273		\$ 5,512,273	\$ 5,512,273	
Total revenues	<u>5,512,273</u>		<u>5,512,273</u>	<u>5,512,273</u>	
Expenditures:					
Principal on bonds	4,770,000		4,770,000	4,770,000	
Interest on bonds	961,650		961,650	961,650	
Total expenditures	<u>5,731,650</u>		<u>5,731,650</u>	<u>5,731,650</u>	
Deficiency of revenues under expenditures	(219,377)		(219,377)	(219,377)	
Other financing sources:					
Transfers in	354,060		354,060	354,060	
Total other financing sources	<u>354,060</u>		<u>354,060</u>	<u>354,060</u>	
Net change in fund balance	134,683		134,683	134,683	
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ 134,683</u>	<u>\$ -</u>	<u>\$ 134,683</u>	<u>\$ 134,683</u>	<u>\$ -</u>

Statistical Section

(Unaudited)

**Statistical Section
Unaudited**

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 40,862,019	\$ 41,911,290	\$ 48,653,097	\$ 50,073,237	\$ 51,035,776	\$ 53,120,132	\$ 55,851,942	\$ 57,046,654	\$ 59,712,054	\$ 61,422,775
Restricted	7,654,072	6,127,183	3,911,031	3,775,864	4,375,260	6,298,244	4,390,950	5,034,581	4,335,342	2,970,723
Unrestricted (deficit)	(1,492,270)	(1,899,392)	(1,332,000)	(845,268)	(659,191)	(1,433,689)	(23,004,966)	(24,033,470)	(26,952,773)	(28,944,458)
Total governmental activities net position	\$ 47,023,821	\$ 46,139,081	\$ 51,232,128	\$ 53,003,833	\$ 54,751,845	\$ 57,984,687	\$ 37,237,926	\$ 38,047,765	\$ 37,094,623	\$ 35,449,040
Business-type activities										
Net investment in capital assets	\$ 313,771	\$ 273,830	\$ 237,599	\$ 240,395	\$ 269,498	\$ 248,729	\$ 212,054	\$ 171,210	\$ 150,303	\$ 159,217
Unrestricted	126,320	177,153	271,258	248,297	171,504	188,844	235,566	247,842	307,995	307,979
Total business-type activities net position	\$ 440,091	\$ 450,983	\$ 508,857	\$ 488,692	\$ 441,002	\$ 437,573	\$ 447,620	\$ 419,052	\$ 458,298	\$ 467,196
Government-wide										
Net investment in capital assets	\$ 41,175,790	\$ 42,185,120	\$ 48,890,696	\$ 50,313,632	\$ 51,305,274	\$ 53,368,861	\$ 56,063,996	\$ 57,217,864	\$ 59,862,357	\$ 61,581,992
Restricted	7,654,072	6,127,183	3,911,031	3,775,864	4,375,260	6,298,244	4,390,950	5,034,581	4,335,342	2,970,723
Unrestricted (deficit)	(1,365,950)	(1,722,239)	(1,060,742)	(596,971)	(487,687)	(1,244,845)	(22,769,400)	(23,785,628)	(26,644,778)	(28,636,479)
Total government-wide net position	\$ 47,463,912	\$ 46,590,064	\$ 51,740,985	\$ 53,492,525	\$ 55,192,847	\$ 58,422,260	\$ 37,685,546	\$ 38,466,817	\$ 37,552,921	\$ 35,916,236

Source: CAFR Schedule A-I and District records.

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

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

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

Unaudited

	Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction	\$ 43,750,919	\$ 46,092,266	\$ 44,545,423	\$ 46,781,028	\$ 48,282,148	\$ 49,651,043	\$ 56,321,975	\$ 60,336,519	\$ 66,875,881	\$ 70,334,757
Support Services:										
Attendance and social work	448,018	157,459	182,244	255,573	246,939	207,527	236,477	340,855	457,074	487,211
Health services	637,506	661,490	732,384	772,340	796,828	854,374	1,046,052	1,174,587	1,486,377	1,553,761
Other support services	8,415,426	8,152,600	8,783,670	8,743,670	8,907,490	7,944,168	10,209,305	10,627,993	12,087,016	12,633,054
Improvement of instruction	179,443	430,554	270,851	300,373	342,936	344,422	409,855	414,027	398,589	423,004
Other support instructional staff	1,427,478	1,408,516	1,484,299	1,548,754	1,668,431	1,816,154	1,869,110	2,115,351	2,471,468	2,104,682
School library	1,743,396	1,784,502	1,931,724	1,995,333	2,106,268	2,408,109	2,384,887	2,649,056	3,026,047	2,463,741
General administration	965,471	971,733	1,041,045	1,241,805	1,273,071	1,325,591	1,161,267	1,127,016	1,354,304	1,386,700
School administration	2,556,424	2,708,932	3,175,318	3,239,577	3,404,202	3,792,256	4,436,198	4,653,951	4,926,312	4,818,743
Central administration	1,256,292	1,263,110	1,333,932	1,367,684	1,543,105	1,529,225	1,650,029	1,721,539	2,059,619	2,222,864
Info Technology	194,526	144,939	125,769	129,332	133,677	137,343	157,028	169,930	191,128	1,322,921
Required maintenance of plant	1,272,112	1,240,205	1,292,237	1,281,290	1,255,371	1,385,356	1,492,379	1,752,868	1,755,275	2,119,581
Operation of plant	5,824,080	5,625,421	5,291,619	6,041,015	6,165,849	6,546,899	6,985,192	6,933,749	7,322,755	7,763,069
Student transportation	3,135,426	3,443,899	3,116,154	3,031,002	3,109,247	3,075,375	3,460,304	3,420,892	3,794,242	4,205,926
Charter schools	4,483,598	4,430,664	4,255,318	4,483,493	4,628,664	4,729,512	4,899,659	4,907,407	4,745,777	5,539,621
Interest on long-term debt	2,109,955	1,650,137	1,499,954	1,393,938	1,358,899	1,621,814	1,224,530	1,357,596	1,241,805	866,111
Total governmental activities expenses	78,400,070	80,166,427	79,061,941	82,606,207	85,223,125	87,369,168	97,944,247	103,703,336	114,193,669	120,245,746
Business-type activities:										
Food service	831,244	768,729	798,944	887,786	931,533	852,358	906,162	965,528	1,029,485	1,103,582
Total business-type activities expense	831,244	768,729	798,944	887,786	931,533	852,358	906,162	965,528	1,029,485	1,103,582
Total district expenses	\$ 79,231,314	\$ 80,935,156	\$ 79,860,885	\$ 83,493,993	\$ 86,154,658	\$ 88,221,526	\$ 98,850,409	\$ 104,668,864	\$ 115,223,154	\$ 121,349,328
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition and transportation)	\$ 5,159,700	\$ 5,492,542	\$ 4,950,946	\$ 4,642,958	\$ 4,493,214	\$ 4,996,346	\$ 5,001,131	\$ 5,376,277	\$ 5,150,332	\$ 5,228,140
Other support services	172,300	187,332	187,332	202,716	187,508	182,323	170,062	194,682	170,061	168,768
Operating grants and contributions	2,612,932	2,361,166	2,957,587	2,390,477	2,279,201	2,166,140	2,193,352	2,216,199	2,436,682	2,427,599
Capital grants and contributions	32,796	101,871	3,786,624	814,839	446,483	422,286	392,479	21,749	458,968	
Total governmental activities program revenues	\$ 7,805,428	\$ 8,127,879	\$ 11,882,489	\$ 8,050,990	\$ 7,406,406	\$ 7,767,095	\$ 7,757,024	\$ 7,808,907	\$ 8,216,043	\$ 7,824,507

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

Unaudited

	Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Food service	\$ 680,801	\$ 654,714	\$ 636,671	\$ 609,672	\$ 640,290	\$ 577,235	\$ 618,599	\$ 635,162	\$ 754,998	\$ 787,213
Operating grants and contributions	110,084	123,984	218,814	256,874	242,110	270,288	296,420	300,296	312,002	323,289
Total business type activities program revenues	790,885	778,698	855,485	866,546	882,400	847,523	915,019	935,458	1,067,000	1,110,502
Total district program revenues	\$ 8,918,764	\$ 12,661,187	\$ 8,622,580	\$ 866,546	\$ 882,400	\$ 847,523	\$ 915,019	\$ 935,458	\$ 1,067,000	\$ 1,110,502
Net (Expense)/Revenue										
Governmental activities	\$ (70,594,642)	\$ (72,038,548)	\$ (67,179,452)	\$ (74,555,217)	\$ (77,816,719)	\$ (79,602,073)	\$ (90,187,223)	\$ (95,894,429)	\$ (105,977,626)	\$ (112,421,239)
Business-type activities	(40,359)	9,969	56,541	(21,240)	(49,133)	(4,835)	8,857	(30,070)	37,515	6,920
Total government-wide net expense	\$ (70,635,001)	\$ (72,028,579)	\$ (67,122,911)	\$ (74,576,457)	\$ (77,865,852)	\$ (79,606,908)	\$ (90,178,366)	\$ (95,924,499)	\$ (105,940,111)	\$ (112,414,319)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 56,965,653	\$ 57,922,997	\$ 60,465,817	\$ 62,190,303	\$ 63,434,112	\$ 64,702,790	\$ 65,996,845	\$ 68,227,892	\$ 70,148,719	\$ 73,055,295
Property taxes levied for debt service	4,883,272	4,354,245	4,238,916	4,481,322	4,492,690	5,617,264	5,632,588	5,184,676	5,447,926	5,512,273
Unrestricted grants and contributions	9,683,002	8,434,904	7,136,660	9,246,433	11,137,912	10,457,672	18,952,008	22,530,148	28,887,329	31,697,530
Investment earnings	214,959	81,803	70,475	44,400	94,570	98,717	86,592	87,684	83,404	83,202
Miscellaneous income	413,921	359,859	360,631	364,464	405,447	508,472	404,436	673,868	457,106	427,356
Special item						1,450,000				
Transfers	(24,217)									
Total governmental activities	72,136,590	71,153,808	72,272,499	76,326,922	79,564,731	82,834,915	91,072,469	96,704,268	105,024,484	110,775,656
Business-type activities:										
Interest earnings	1,378	923	1,333	1,075	1,443	1,406	1,190	1,502	1,731	1,978
Transfers	24,217									
Total business-type activities	25,595	923	1,333	1,075	1,443	1,406	1,190	1,502	1,731	1,978
Total government-wide	\$ 72,162,185	\$ 71,154,731	\$ 72,273,832	\$ 76,327,997	\$ 79,566,174	\$ 82,836,321	\$ 91,073,659	\$ 96,705,770	\$ 105,026,215	\$ 110,777,634
Change in Net Position										
Governmental activities	\$ 1,541,948	\$ (884,740)	\$ 5,093,047	\$ 1,771,705	\$ 1,748,012	\$ 3,232,842	\$ 885,246	\$ 809,839	\$ (953,142)	\$ (1,645,583)
Business-type activities	(14,764)	10,892	57,874	(20,165)	(47,690)	(3,429)	10,047	(28,568)	39,246	8,898
Total district	\$ 1,527,184	\$ (873,848)	\$ 5,150,921	\$ 1,751,540	\$ 1,700,322	\$ 3,229,413	\$ 895,293	\$ 781,271	\$ (913,896)	\$ (1,636,685)

Source: CAFR Schedule A-2 and District records.

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

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

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

GASB 75 was implemented in the 2018 fiscal year, which increased the unrestricted grants and contributions and various expense lines from the previous year.

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

Unaudited

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 7,396,062	\$ 4,654,747								
Unreserved	3,030,614	2,641,203								
Restricted			\$ 2,272,762	\$ 2,954,776	\$ 3,581,968	\$ 4,221,440	\$ 2,980,007	\$ 3,082,576	\$ 3,179,518	\$ 2,436,059
Assigned			2,947,324	3,115,273	3,376,199	2,564,496	2,767,686	2,497,562	3,147,073	3,223,468
Unassigned			1,846,510	1,437,885	1,782,705	2,089,412	2,416,510	2,227,902	2,159,598	1,708,174
Total general fund	<u>\$ 10,426,676</u>	<u>\$ 7,295,950</u>	<u>\$ 7,066,596</u>	<u>\$ 7,507,934</u>	<u>\$ 8,740,872</u>	<u>\$ 8,875,348</u>	<u>\$ 8,164,203</u>	<u>\$ 7,808,040</u>	<u>\$ 8,486,189</u>	<u>\$ 7,367,701</u>
All Other Governmental Funds										
Reserved	\$ 721,564	\$ 1,898,146								
Unreserved, reported in:										
Special revenue fund (deficit)	(4,304)	(3,780)								
Capital projects fund	85,542	169,635								
Debt service fund	405,593	283,237								
Restricted for:										
Capital projects				\$ 200,596	\$ 8,672,752	\$ 2,638,335	\$ 2,076,811	\$ 2,331,483	\$ 1,360,096	\$ 622,496
Debt service			\$ 42,738	25,341	33,271	51,740	39,218	26,702		134,683
Committed for capital projects			1,600,000	1,280,000	960,000	640,000				
Unassigned (deficit)			(795,647)	(684,849)	(4,950)	(4,950)	(4,950)	(4,950)	(4,950)	(4,950)
Total all other governmental funds	<u>\$ 1,208,395</u>	<u>\$ 2,347,238</u>	<u>\$ 847,091</u>	<u>\$ 821,088</u>	<u>\$ 9,661,073</u>	<u>\$ 3,325,125</u>	<u>\$ 2,111,079</u>	<u>\$ 2,353,235</u>	<u>\$ 1,355,146</u>	<u>\$ 752,229</u>

Source: CAFR Schedule B-1 and District records.

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

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

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

Unaudited

	Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 61,848,925	\$ 62,277,242	\$ 64,704,733	\$ 66,671,625	\$ 67,926,802	\$ 70,320,054	\$ 71,629,433	\$ 73,412,568	\$ 75,596,645	\$ 78,567,568
Tuition charges	4,944,100	5,492,542	4,950,946	4,642,958	4,493,214	4,996,346	5,001,131	5,376,277	5,150,332	5,228,140
Interest earnings	214,959	81,803	70,475	44,400	94,570	98,717	86,592	87,684	83,404	83,202
Miscellaneous	679,372	507,081	538,619	554,556	621,227	556,830	510,679	519,200	504,693	488,913
Hazardous wastes	215,600	172,300	187,332	202,716	187,508	182,323	170,062	170,061	170,061	168,768
Transportation-other LEAs								24,621		
State sources	10,573,058	9,169,826	11,335,038	10,400,680	12,147,092	11,366,225	12,742,581	13,452,835	14,882,094	16,509,223
Federal sources	1,490,221	1,630,041	2,367,845	1,860,977	1,500,724	1,631,515	1,423,624	1,432,793	1,586,747	1,529,965
Total revenue	79,966,235	79,330,835	84,154,988	84,377,912	86,971,137	89,152,010	91,564,102	94,476,039	97,973,976	102,575,779
Expenditures										
Instruction										
Regular and special educ instruct.	33,710,712	34,506,631	32,941,431	34,429,071	35,042,191	35,896,808	36,841,020	37,514,063	38,166,287	40,512,992
Support Services:										
Attendance and social work	323,670	117,575	127,704	177,467	169,791	142,132	145,061	197,915	241,931	263,481
Health services	471,229	503,048	524,191	552,359	558,533	597,235	656,122	697,932	808,401	849,999
Other support services	6,332,155	6,494,811	6,544,513	6,548,522	6,573,745	7,065,197	6,680,976	6,622,840	7,099,318	7,463,798
Improvement of instruction	138,717	332,708	192,278	221,213	246,630	248,390	264,153	260,426	226,120	243,689
Other support: instructional staff	1,018,108	1,014,832	978,245	1,014,811	1,094,758	1,174,692	1,062,201	1,161,809	1,259,391	867,495
School library	1,347,551	1,427,090	1,484,555	1,537,448	1,594,709	1,843,236	1,681,563	1,782,457	1,875,472	1,299,750
General administration	776,991	796,259	817,958	878,921	970,444	975,957	852,728	785,218	925,642	942,831
School administration	1,853,401	2,029,841	2,231,347	2,164,828	2,303,379	2,525,401	2,751,712	2,736,859	2,695,930	2,517,971
Central services	942,273	973,292	981,059	994,459	1,120,455	1,100,916	1,052,953	1,103,190	1,177,230	1,303,813
Information technology	140,440	108,099	87,996	89,756	91,776	93,841	96,093	98,495	100,957	1,180,271
Required maintenance of plant	1,010,109	1,001,166	1,023,694	1,023,849	1,021,321	1,124,175	1,153,405	1,350,504	1,211,611	1,542,574
Operation of plant-custodial services	4,920,840	4,313,639	3,966,048	4,564,637	4,420,764	4,770,420	4,712,491	4,397,712	4,391,677	4,715,409
Care & upkeep of grounds		297,474	307,303	362,784	501,089	378,089	344,270	371,902	434,988	406,268
Security	168,108	86,866	101,040	122,138	181,892	178,927	190,611	155,794	206,457	
Student transportation	2,962,643	3,181,649	2,725,417	2,680,585	2,749,349	2,713,308	2,934,994	2,837,918	2,928,654	3,296,172
Business and other support services and benefits	9,011,117	9,887,260	10,916,955	11,616,704	10,988,395	11,577,669	12,611,174	13,262,380	13,848,964	14,501,228
On-behalf contributions	3,986,503	4,136,415	4,258,868	5,193,241	6,593,297	5,814,940	6,726,916	7,999,923	8,847,781	10,655,330
Capital outlay	1,068,549	1,191,363	6,933,693	822,964	2,517,837	8,226,703	2,182,722	381,872	1,322,626	116,620
Charter school	4,483,598	4,430,664	4,255,318	4,483,493	4,628,664	4,729,512	4,899,659	4,907,407	4,745,777	5,539,621
Debt service:										
Principal	3,275,000	2,665,000	2,945,000	3,070,000	3,170,000	4,245,000	4,365,000	4,734,765	4,874,765	5,009,765
Cost of bond issuance		251,677			137,754					
Interest and other charges	2,158,291	1,834,704	1,554,050	1,434,425	1,342,325	1,377,969	1,295,153	1,193,850	1,079,600	961,650
Total expenditures	79,931,897	81,663,305	85,884,489	83,962,577	87,959,544	96,803,482	93,489,293	94,590,046	98,418,916	104,397,184
Excess (Deficiency) of revenues over (under) expenditures	34,338	(2,332,470)	(1,729,501)	415,335	(988,407)	(7,651,472)	(1,925,191)	(114,007)	(444,940)	(1,821,405)
Other financing sources (uses)										
Capital leases (non-budgeted)	194,792	88,910								
Refunding bonds issued		40,165,000								
Premium on bonds issued		2,573,629			81,330					
Payment to refunding bond escrow agent		(42,486,952)								
Bond proceeds					10,980,000					
Transfers in	82,305	1,523,103	1,156,935	5,706	47,732	24,174	974,170	1,591,689	243,858	730,375
Transfers out	(106,522)	(1,523,103)	(1,156,935)	(5,706)	(47,732)	(24,174)	(974,170)	(1,591,689)	(243,858)	(730,375)
Total other financing sources (uses)	170,573	340,587	-	-	11,061,330	-	-	-	-	-
Special item						1,450,000			125,000	100,000
Net change in fund balances	\$ 204,913	\$ (1,991,883)	\$ (1,729,501)	\$ 415,335	\$ 10,072,923	\$ (6,201,472)	\$ (1,925,191)	\$ (114,007)	\$ (319,940)	\$ (1,721,405)
Debt service as a percentage of noncapital expenditures	6.9%	5.6%	5.7%	5.4%	5.3%	6.3%	6.2%	6.3%	6.1%	5.7%

Source: CAFR Schedule B-2

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

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

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

The FY 2017 special item was the result of a legal settlement in favor of the District during the 2017 fiscal year.

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

Fiscal Year Ended June 30,	Interest	Transportation Hazardous Routes	Transportation Other LEAs	Tuition	Rentals	Refunds	In Lieu	Misc.	Total
2009	\$ 132,654	\$ 215,600		\$ 4,944,100	\$ 209,020	\$ 7,231	\$ 72,000	\$ 125,670	\$ 5,706,275
2010	58,700	172,300		5,492,542	198,205	12,796	72,000	76,858	6,083,401
2011	50,840	187,332		4,950,946	204,352	1,374	72,000	82,905	5,549,749
2012	38,694	202,716		4,642,958	213,871		72,000	78,593	5,248,832
2013	67,005	187,508		4,493,214	210,999		72,000	122,448	5,153,174
2014	74,543	182,323		4,996,346	235,034		72,000	201,438	5,761,684
2015	69,803	170,062		5,001,131	224,080		72,000	108,356	5,645,432
2016	70,790	170,061	\$ 24,621	5,376,277	237,393		72,000	114,475	6,065,617
2017	72,275	170,061		5,150,332	238,380		72,000	146,726	5,849,774
2018	73,807	168,768		5,228,140	238,800		72,000	116,556	5,898,071

Source: District records.

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

Unaudited

Municipality of Princeton

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	\$ 62,854,700	\$ 2,845,119,900	\$ 19,419,900	\$ 324,710	\$ 383,431,200	\$ 5,180,100	\$ 127,011,900	\$ 3,443,342,410	\$ 1,839,922,080	\$ 4,873,661	\$ 3,448,216,071	\$ 1.87	\$ 7,631,583,842
*2010	146,132,900	5,656,070,100	40,316,100	327,010	837,925,200	8,981,700	226,058,300	6,915,811,310	2,324,342,900	13,753,114	6,929,564,424	0.93	7,393,461,737
2011	151,466,800	5,591,810,284	38,603,900	324,210	796,619,850	8,981,700	215,682,200	6,803,488,944	2,406,479,700	10,961,651	6,814,450,595	0.97	7,215,461,221
2012	127,050,200	5,566,105,984	55,138,500	344,710	791,514,350	8,981,700	212,721,500	6,761,856,944	2,380,360,500	11,080,562	6,772,937,506	1.00	7,200,549,221
2013	97,017,800	5,525,385,000	53,415,200	341,610	810,620,450	8,981,700	229,839,100	6,725,600,860	2,272,162,500	9,976,866	6,735,577,726	1.03	7,136,657,900
2014	90,710,900	5,572,589,600	46,939,300	341,110	788,160,750	8,981,700	261,905,400	6,769,628,760	2,264,409,000	8,619,869	6,778,248,629	1.05	7,275,140,742
2015	92,656,100	5,619,263,400	49,064,500	338,910	772,598,550	8,981,700	270,198,500	6,813,101,660	2,306,295,900	8,545,211	6,821,646,871	1.06	7,477,416,279
2016	88,842,500	5,700,180,500	37,814,600	335,600	778,304,700	11,759,700	274,387,200	6,891,624,800	2,354,194,900	8,698,857	6,900,323,657	1.08	7,700,394,662
2017	87,865,000	5,779,425,700	36,620,900	326,700	779,781,900	11,759,700	295,171,800	6,990,951,700	2,364,002,700	8,823,569	6,999,775,269	1.10	7,901,500,303
2018	95,025,100	5,861,854,100	32,065,000	321,800	811,414,900	11,759,700	326,774,000	7,139,214,600	2,374,220,400	8,583,276	7,147,797,876	1.12	8,201,774,339

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

^b Tax rates are per \$100

Note: tax rate for years 2009 through 2012 are average between previous rates for Borough & Township.

All information is combined history of Borough & Township from years 2009 through 2017.

*Year of revaluation

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

Municipality of Princeton

Fiscal Year Ended June 30,	Princeton Public Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate a	General Obligation Debt Service ^b	Total Direct	Princeton	Mercer County	
2013	\$ 0.951	\$ 0.075	\$ 1.026	\$ 0.469	\$ 0.634	\$ 2.129
2014	0.964	0.083	1.047	0.470	0.668	2.185
2015	0.979	0.084	1.063	0.486	0.663	2.212
2016	1.004	0.076	1.080	0.494	0.689	2.264
2017	1.024	0.077	1.101	0.502	0.697	2.300
2018	1.041	0.078	1.119	0.502	0.711	2.332

Source: District Records and Municipal Tax Collector

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

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

Princeton Public Schools
Property Tax Rates - Direct and Overlapping Governments
Four Fiscal Years from 2009 - 2012
(rate per \$100 of assessed value)
 Unaudited

Fiscal Year Ended June 30,	Princeton Public Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Princeton Borough	Mercer County	
2009	\$ 1.880	\$ 0.150	\$ 2.030	\$ 1.040	\$ 1.162	\$ 4.232
* 2010	0.891	0.065	0.956	0.478	0.592	2.026
2011	0.934	0.066	1.000	0.479	0.562	2.041
2012	0.955	0.068	1.023	0.480	0.602	2.105
Consolidation Occurred January 2012						

Fiscal Year Ended June 30,	Princeton Public Schools			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Princeton Township	Mercer County	
2009	\$ 1.578	\$ 0.126	\$ 1.704	\$ 0.882	\$ 0.985	\$ 3.571
* 2010	0.837	0.061	0.898	0.490	0.549	1.937
2011	0.884	0.063	0.947	0.490	0.528	1.965
2012	0.915	0.065	0.980	0.490	0.575	2.045
Consolidation Occurred January 2012						

Source: District Records and Municipal Tax Collector

Note:

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

* Change due to a revaluation in the municipalities.

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

Municipality of Princeton					
Taxpayer	Princeton 2018		Taxpayer	Princeton Township & Borough 2009	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Trustees of Princeton University	\$ 389,514,800	5.56%	Trustees of Princeton University	\$ 201,002,000	5.86%
Palmer Residences 1 LLC/PSN	84,781,100	1.21%	Palmer Sq. Ltd. Properties	18,830,000	0.55%
Avalon Properties, LLC	65,212,000	0.93%	Jasna Polana	17,643,700	0.51%
Princeton (Edens) LLC	52,917,400	0.76%	Princeton Shopping Center	17,694,800	0.52%
Palmer Sq. Ltd. Partners	35,310,000	0.50%	PSN Partners	16,610,000	0.48%
Jasna Polana Golf Club	31,500,000	0.45%	Nassau Inn Partnership	13,552,000	0.39%
Fountain Ridge (Copperwood)	31,261,000	0.45%	Church & Dwight	8,893,000	0.26%
Institute For Advanced Study	29,847,300	0.43%	Institute for Advanced Study	7,606,600	0.22%
Nassau Inn Partnership	26,030,000	0.37%	Health Horizons	7,500,000	0.22%
Princeton Theological Seminary	19,090,200	0.27%	Thanet Road Assoc. LLC	7,381,000	0.22%
Total	\$ 765,463,800	10.94%		\$ 316,713,100	9.23%
Net Assessed Value	\$ 6,999,775,269			\$ 3,432,864,969	

Source: District CAFR & Municipal Tax Collector

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

Municipality of Princeton

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2013	\$ 67,926,802	\$ 67,926,802	100.00%	-
2014	70,320,054	70,320,054	100.00%	-
2015	71,629,433	71,629,433	100.00%	-
2016	73,412,568	73,412,568	100.00%	-
2017	75,596,645	75,596,645	100.00%	-
2018	78,567,568	78,567,568	100.00%	-

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

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

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

Princeton Public Schools
Property Tax Levies and Collections
Four Fiscal Years from 2009 - 2012
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
Princeton Borough				
2009	\$ 20,272,488	\$ 20,272,488	100.00%	-
2010	20,739,845	20,739,845	100.00%	-
2011	21,729,255	21,729,255	100.00%	-
2012	22,212,510	22,212,510	100.00%	-
Princeton Township				
2009	\$ 41,576,437	\$ 41,576,437	100.00%	-
2010	41,537,397	41,537,397	100.00%	-
2011	42,975,478	42,975,478	100.00%	-
2012	44,459,115	44,459,115	100.00%	-

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

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

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

Municipality of Princeton

Ended June 30,	General Obligation Bonds	Total District	Per Capita Estimate	Percentage of Per Capita	Per Capita Personal Income	Percentage of Per Capita Income
2013	\$ 44,740,000	\$ 44,740,000	\$ 29,076	0.06%	\$ 56,906	0.13%
2014	40,495,000	40,495,000	29,103	0.07%	59,875	0.15%
2015	36,130,000	36,130,000	29,603	0.08%	59,875	0.17%
2016	31,635,000	31,635,000	29,603	0.09%	59,875	0.19%
2017	27,000,000	27,000,000	31,249	0.12%	63,247	0.23%
2018	22,230,000	22,230,000	31,822	0.14%	67,660	0.30%

Borough and Township Information Noted Below

Fiscal Year Ended June 30,	Governmental Activities		Total District	Borough Per Capita ^a	Percentage of Per Capita Income ^a	Township Per Capita ^a	Percentage of Per Capita Income ^a
	General Obligation Bonds	Capital Leases					
2009	\$ 45,610,000	\$ 168,746	\$ 45,778,746	\$ 13,381	0.11%	\$ 17,404	0.04%
2010	42,945,000	123,594	43,068,594	12,314	0.12%	16,284	0.04%
2011	40,000,000	29,859	40,029,859	12,131	0.13%	16,304	0.04%
2012	36,930,000	-	36,930,000	12,339	0.16%	16,298	0.04%

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

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

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

Fiscal Year Ending June 30,	Municipality of Princeton General Bonded Debt Outstanding			Percentage of	
	General Obligation Bonds	Restricted for Debt Service	Net General Bonded Debt Outstanding	Actual Taxable Value of Property	Per Capita
2013	\$ 44,740,000	\$ 33,271	\$ 44,706,729	0.62%	\$ 1,562
2014	40,495,000	51,740	40,443,260	0.56%	1,390
2015	36,130,000	39,218	36,090,782	0.48%	1,219
2016	31,635,000	26,703	31,608,297	0.41%	1,068
2017	27,000,000	-	27,000,000	0.34%	864
2018	22,230,000	134,683	22,095,317	0.27%	694

Borough and Township Information Noted Below

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Borough Percentage of Actual Taxable Value ^a of Property	Borough Per Capita ^b	Township Percentage of Actual Taxable Value ^a of Property	Township Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding				
2009	\$ 45,610,000	\$ 45,610,000	4.52%	\$ 52,255	1.87%	\$ 63,056
2010	42,945,000	42,945,000	1.93%	55,170	0.91%	63,056
2011	40,000,000	40,000,000	0.59%	52,255	0.87%	63,056
2012	36,930,000	36,930,000	0.51%	52,496	0.77%	63,056

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

a See J-6 for property tax data.

b Population data can be found in J-14.

N/A Information was not available.

Princeton Public Schools
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality of Princeton	\$ 527,959,760	17.152%	\$ 90,555,658
Other debt			
M.C.I.A.	13,992,151	100.00%	<u>13,992,151</u>
Subtotal overlapping debt			<u>104,547,809</u>
Princeton Public Schools: Direct Debt			<u>22,230,000</u>
Total direct and overlapping debt			<u><u>\$ 126,777,809</u></u>

Sources: Mercer County Finance Office

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis	
2018	\$ 8,201,774,339
2017	7,901,500,303
2016	<u>7,700,394,662</u>
	<u>\$ 23,803,669,304</u>
Average equalized valuation of taxable property	<u>\$ 7,934,556,435</u>
Debt limit (4 % of average equalization value)	\$ 317,382,257
Net bonded school debt	<u>22,095,317</u>
Legal debt margin	<u>\$ 295,286,940</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Debt limit	\$ 282,205,299	\$ 298,187,870	\$ 305,827,879	\$ 301,471,638	\$ 290,792,962	\$ 319,468,403	\$ 352,546,182	\$ 291,856,199	\$ 299,372,689	\$ 307,724,150	\$ 317,382,257
Total net debt applicable to limit	<u>48,949,000</u>	<u>45,674,000</u>	<u>42,945,000</u>	<u>40,000,000</u>	<u>36,930,000</u>	<u>44,706,729</u>	<u>40,443,260</u>	<u>36,090,782</u>	<u>31,608,297</u>	<u>27,000,000</u>	<u>22,095,317</u>
Legal debt margin	<u>\$ 233,256,299</u>	<u>\$ 252,513,870</u>	<u>\$ 262,882,879</u>	<u>\$ 261,471,638</u>	<u>\$ 253,862,962</u>	<u>\$ 274,761,674</u>	<u>\$ 312,102,922</u>	<u>\$ 255,765,417</u>	<u>\$ 267,764,392</u>	<u>\$ 280,724,150</u>	<u>\$ 295,286,940</u>
Total net debt applicable to the limit as a percentage of debt limit	17.35%	15.32%	14.04%	13.27%	12.70%	13.99%	11.47%	12.37%	10.56%	8.77%	6.96%

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

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income	Unemployment Rate ^d
2009	30,785	\$ 1,576,407,495	\$ 51,207	8.3%
2010	28,596	1,490,537,904	52,124	8.3%
2011	28,122	1,498,087,062	53,271	8.1%
2012	28,699	1,598,936,086	55,714 *	5.4%
2013	29,076	1,654,598,856	56,906 *	3.9%
2014	29,103	1,742,542,125	59,875 *	3.7%
2015	29,603	1,872,300,941	63,247	3.1%
2016	31,249	2,114,307,340	67,660	2.8%
2017	31,822	N/A	N/A	2.6%
2018	N/A	N/A	N/A	N/A

Source:

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

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

^d Unemployment data provided by the NJ Dept of Education for recent years

N/A - Information was not available.

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

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

Princeton

Employer	2018			2009		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Johnson Controls	10,000	1	32.58%	N/A		
Trustees of Princeton University	6,900	2	22.48%	5,245		50.11%
Aecom	4,999	3	16.29%	N/A		
Bristol-Meyers Squibb	4,999	4	16.29%	N/A		
Educational Testing Services ETS	999	5	3.25%	N/A		
Princeton Public Schools	800	6	2.61%	657		6.28%
NRG Energy	499	7	1.63%	N/A		
Princeton House Behavioral	499	8	1.63%	N/A		
SRI International	499	9	1.63%	N/A		
Princeton Day School	499	10	1.63%	N/A		
University Medical Center at Princeton				2,500		23.88%
Church & Dwight Co.				600		5.73%
Princeton Plasma Physics Lab				485		4.63%
Princeton Theological Seminary				280		2.68%
Princeton Packet				200		1.91%
Westminster Choir College - Rider				200		1.91%
Westminster Conservatory				160		1.53%
Princeton Township				140		1.34%
	<u>30,693</u>		<u>67.42%</u>	<u>10,467</u>		<u>100.00%</u>

Source: Princeton Chamber of Commerce

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	323	323	270	281	282	277	287	290	294	293
Special education	40	41	45	43	49	51	52	54	54	56
Other special education	37	52	70	54	53	50	52	52	50	52
Other instruction	55	56	56	74	89	74	81	81	97	99
Support Services:										
Student & instruction related services	28	28	43	42	48	51	53	56	69	72
General administrative services	5	5	5	5	5	5	5	5	5	5
School administrative services	31	40	44	44	48	55	50	49	49	51
Business administrative services	13	13	12	13	13	12	12	12	12	12
Plant operations and maintenance	55	60	60	60	60	62	68	72	70	76
Pupil transportation	16	25	25	26	25	25	25	22	32	42
Total	<u>603</u>	<u>643</u>	<u>630</u>	<u>642</u>	<u>672</u>	<u>662</u>	<u>685</u>	<u>693</u>	<u>732</u>	<u>758</u>

Source: District Personnel Records

* HR Department sorted staff by designation starting in 2011 FY

Princeton Public Schools
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

At June 30,	Pupil/Teacher Ratio								Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School				
2009	3,366	\$ 73,430,057	\$ 21,815	0.93%	363	1:10	1:10	1:12	3,372	3,247	0.87%	95.87%
2010	3,340	75,720,561	22,671	3.92%	354	1:08	1:10	1:12	3,340	3,219	-0.95%	95.46%
2011	3,381	74,451,746	22,021	-2.87%	324	1:10	1:09	1:12	3,381	3,224	1.23%	95.36%
2012	3,378	78,635,188	23,279	5.71%	324	1:9	1:10	1:12	3,378	3,225	-0.09%	95.48%
2013	3,415	80,791,628	23,658	1.63%	331	1:8	1:10	1:11	3,415	3,247	1.10%	95.08%
2014	3,422	82,953,810	24,241	2.47%	328	1:9	1:11	1:12	3,422	3,236	0.20%	94.55%
2015	3,563	85,646,418	24,038	-0.84%	339	1:9	1:10	1:11	3,563	3,353	4.12%	95.21%
2016	3,553	88,279,559	24,846	3.36%	344	1:10	1:10	1:11	3,553	3,365	-0.28%	94.71%
2017	3,751	91,141,925	24,298	-2.21%	349	1:10	1:10	1:11	3,724	3,469	4.81%	93.15%
2018	3,827	98,299,139	25,686	5.71%	308	1:10	1:10	1:11	3,751	3,535	0.73%	94.23%

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

Note: 'Enrollment' based June 30, 2018 SRS report.

- a Operating expenditures equal total expenditures less debt service, cost of bond issuance and capital outlay; (J-4)
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

Princeton Public Schools
School Building Information
Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Elementary										
Community Park School (1962)										
Square Feet	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097
Capacity (students)	446	446	446	446	446	446	446	446	446	446
Enrollment	327	334	318	301	284	302	324	320	371	380
Johnson Park School (1959)										
Square Feet	62,455	62,455	62,455	62,455	62,455	62,455	62,455	62,455	62,455	62,455
Capacity (students)	393	393	393	393	393	393	393	393	393	393
Enrollment	360	381	375	357	351	350	376	346	388	389
Littlebrook School (1957)										
Square Feet	54,629	54,629	54,629	54,629	54,629	54,629	54,629	54,629	54,629	54,629
Capacity (students)	416	416	416	416	416	416	416	416	416	416
Enrollment	310	305	347	339	342	342	356	333	337	371
Riverside School (1959)										
Square Feet	60,094	60,094	60,094	60,094	60,094	60,094	60,094	60,094	60,094	60,094
Capacity (students)	409	409	409	409	409	409	409	409	409	409
Enrollment	312	298	278	254	265	281	271	261	283	298
Middle School										
John Witherspoon (1965)										
Square Feet	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531
Capacity (students)	860	860	860	860	860	860	860	860	860	860
Enrollment	671	642	659	715	742	691	713	723	788	788
High School										
Princeton High School (1927)										
Square Feet	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020
Capacity (students)	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Enrollment	1,386	1,380	1,404	1,412	1,430	1,456	1,523	1,570	1,584	1,601
Other										
Administration Building (Occupied space)										
Square Feet	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850
Number of Schools at June 30, 2018:										
Elementary =	4									
Middle School =	1									
High School =	1									
Other =	1									

Source: District records, SRS as of June 30, State's Final Determination Letter

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual end of year SRS count (ADE).

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

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

School Facilities	Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
High School	\$ 396,099	\$ 374,250	\$ 455,054	\$ 340,318	\$ 312,476	\$ 385,851	\$ 461,625	\$ 412,842	\$ 267,989	\$ 349,051
John Witherspoon Middle	502,436	265,878	276,127	248,577	264,244	195,511	100,764	150,553	153,075	210,637
Community Park Elementary	123,467	135,525	136,973	127,857	132,429	119,870	145,063	147,188	134,807	104,938
Johnson Park Elementary	181,817	141,076	148,948	141,025	196,006	117,786	113,389	113,400	148,569	112,412
Littlebrook Elementary	141,697	143,672	139,448	156,703	111,547	113,770	104,308	100,938	138,221	121,882
Riverside Elementary	168,027	149,084	141,106	138,925	107,473	88,533	98,700	98,773	158,505	111,189
Grand Total	\$ 1,513,543	\$ 1,209,485	\$ 1,297,656	\$ 1,153,405	\$ 1,124,175	\$ 1,021,321	\$ 1,023,849	\$ 1,023,694	\$ 1,001,166	\$ 1,010,109

Source: District records of required maintenance.

Princeton Public Schools
Insurance Schedule
Year ended June 30, 2018
Unaudited

Type of Coverage	Coverage	Deductible
Burlington County Insurance Pool Joint Insurance Fund BCIPJIF		
Section I - Property:		
Blanket building and contents	\$ 216,637,301	\$ 5,000
Extra expense		5,000
Flood/Earthquake		5,000
Valuable papers		5,000
Computer equipment:		1,000
Hardware		1,000
Software		1,000
Musical instruments		1,000
Demolition/Incr. Cost of Construction		
Energy systems-boiler and machinery	216,637,301	5,000
Section II - General Liability:		
Bodily Injury & Property Damage	16,000,000	None
Section III - Automobile Liability:		
Bodily Injury & Property Damage	16,000,000	None
Section IV - School Board Legal Liability Policy:		
Aggregate limit of liability	16,000,000	None
Section V - Crime:		
Blanket employee dishonesty	1,000,000	1,000
Money & Securities	100,000	1,000
Faithful Performance	1,000,000	1,000
Depositors Forgery	50,000	1,000
Workers Compensation:		
Section A	Statutory	None
Section B-Employers Liability Limit	2,000,000	

Source: District Records

Princeton Public Schools
Insurance Schedule
Year ended June 30, 2018
Unaudited

Type of Coverage	Coverage	Deductible
Automobile:		
Physical Damage	Comprehensive Collision	\$ 1,000 1,000
Environmental Pollution Legal Liability:		
Aggregate limit of liability	\$ 3,000,000	25,000
Cyber Liability		
Limits of Liability	1,000,000	25,000
Fidelity Bonds:		
Selective Insurance Company		
Treasurer of School Monies	450,000	
Business Administrator/ Board Secretary	375,000	
Comptroller/ Asst. Board Secretary	375,000	
Foreign Travel		
Liability Student & Adult Chaperones	1,000,000	None
Excess Liability ~ Umbrella Coverage	5,000,000	

Source: District Records

Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Princeton Public Schools, in the County of Mercer, New Jersey (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 7, 2019
Livingston, New Jersey

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Princeton Public Schools', in the County of Mercer, State of New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable

assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

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



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 7, 2019
Livingston, New Jersey

Princeton Public Schools
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2017	Carryover/ Walkover Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018		
					From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Health and Human Services - Passed - Through State Department of Education															
General Fund:															
Medical Assistance Program (SEMI)	93.778	1805N15MAP	N/A	\$ 5,023	7/1/2017	6/30/2018			\$ 5,023	\$ (5,023)					
Total U.S. Department of Health and Human Services - Passed - Through State Department of Education									<u>5,023</u>	<u>(5,023)</u>					
Total General Fund									<u>5,023</u>	<u>(5,023)</u>					
U.S. Department of Education—Passed-Through State Department of Education															
Special Revenue Fund:															
Title I, Part A	84.010A	S010A170030	N/A	284,778	7/1/2017	6/30/2018			243,636	(248,445)		\$ (4,809)			
Title I, Part A	84.010A	S010A160030	N/A	300,651	7/1/2016	6/30/2017	\$ (11,022)		11,022						
Title II A	84.367A	S367A170029	N/A	83,834	7/1/2017	6/30/2018			36,826	(49,138)			(12,312)		
Title II A	84.367A	S367A160029	N/A	122,970	7/1/2016	6/30/2017	(18,913)		18,913						
Language Instruction for English Learners and Immigrant Students:															
Title III	84.365A	S365A170030	N/A	45,774	7/1/2017	6/30/2018			44,862	(45,329)			(467)		
Title III, Supplemental Immigrant Student Aid	84.365A	S365A170030	N/A	39,624	7/1/2017	6/30/2018			24,875	(27,221)			(2,346)		
Title III	84.365A	S365A160030	N/A	49,000	7/1/2016	6/30/2017	(5,651)		5,651						
Title III, Supplemental Immigrant Student Aid	84.365A	S365A160030	N/A	49,239	7/1/2016	6/30/2017	(4,123)		4,123						
Subtotal Language Instruction for English Learners and Immigrant Students							<u>(9,774)</u>		<u>79,511</u>	<u>(72,550)</u>			<u>(2,813)</u>		
Title IV	84.424	S424A170031	N/A	10,000	7/1/2017	6/30/2018			352	(1,652)			(1,300)		
Special Education Grant Cluster:															
I.D.E.I.A. Part B, Regular	84.027	H027A170100	N/A	1,411,264	7/1/2017	6/30/2018			1,063,629	(1,267,948)			(204,319)		
I.D.E.I.A. Part B, Regular	84.027	H027A160100	N/A	1,402,744	7/1/2016	6/30/2017	(87,371)		87,371						
I.D.E.I.A. Part B, Preschool	84.173	H173A160114	N/A	54,828	7/1/2016	6/30/2017	(16,518)				\$ 16,518				
Subtotal of Special Education Grant Cluster							<u>(103,889)</u>		<u>1,151,000</u>	<u>(1,267,948)</u>	<u>16,518</u>		<u>(204,319)</u>		
Total Special Revenue Fund							<u>(143,598)</u>		<u>1,541,260</u>	<u>(1,639,733)</u>	<u>16,518</u>		<u>(225,553)</u>		
U.S. Department of Agriculture—Passed-Through State Department of Agriculture															
Enterprise Fund:															
Child Nutrition Cluster:															
Food Donation Program (NC)	10.555	181N1304N1099	N/A	61,842	7/1/2017	6/30/2018			61,842	(60,570)			\$ 1,272		
Food Donation Program (NC)	10.555	171N1304N1099	N/A	56,711	7/1/2016	6/30/2017	1,980			(1,980)					
National School Breakfast Program	10.553	181N1304N1099	N/A	35,396	7/1/2017	6/30/2018			32,055	(35,396)			(3,341)		
National School Breakfast Program	10.553	171N1304N1099	N/A	30,122	7/1/2016	6/30/2017	(2,043)		2,043						
National School Lunch Program	10.555	181N1304N1099	N/A	216,962	7/1/2017	6/30/2018			198,187	(216,962)			(18,775)		
National School Lunch Program	10.555	171N1304N1099	N/A	217,999	7/1/2016	6/30/2017	(17,714)		17,714						
Subtotal Child Nutrition Cluster							<u>(17,777)</u>		<u>311,841</u>	<u>(314,908)</u>			<u>(22,116)</u>	<u>1,272</u>	
Total Enterprise Fund and Total U.S. Department of Agriculture—Passed-Through State Department of Agriculture							<u>(17,777)</u>		<u>311,841</u>	<u>(314,908)</u>			<u>(22,116)</u>	<u>1,272</u>	
Total expenditures of Federal Awards							<u>\$ (161,375)</u>	<u>\$ -</u>	<u>\$ 1,858,124</u>	<u>\$ (1,959,664)</u>	<u>\$ 16,518</u>	<u>\$ -</u>	<u>\$ (247,662)</u>	<u>\$ 1,272</u>	<u>\$ -</u>
NC-non cash expenditures															

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

Princeton Public Schools

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2018

State Grants/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017				Repayment of Prior Year's Balance	Adjustments	Balance at June 30, 2018			Memo		
			From	To	Unexpended Rev. (Accts Rec)	Due to Grantee	Carryover/Walkover	Cash Received			Budgetary Expenditures	Unexpended Revenue	(Accounts Receivable)	Due to Grantee	Budgetary Receivable	Cumulative Expenditures
State Department of Education																
General Fund																
Transportation Aid	18-495-034-5120-014	\$ 845,567	7/1/2017	6/30/2018				\$ 787,281	\$ (845,567)					\$ (58,286)	\$ (845,567)	
Transportation Aid	17-495-034-5120-014	845,567	7/1/2016	6/30/2017	\$ (64,113)			64,113								
Special Education Categorical Aid	18-495-034-5120-039	2,189,906	7/1/2017	6/30/2018				2,038,959	(2,189,906)					(150,947)	(2,189,906)	
Special Education Categorical Aid	17-495-034-5120-039	2,140,906	7/1/2016	6/30/2017	(162,335)			162,335								
Security Aid	18-495-034-5120-084	300,916	7/1/2017	6/30/2018				280,176	(300,916)					(20,741)	(300,916)	
Security Aid	17-495-034-5120-084	300,916	7/1/2016	6/30/2017	(22,817)			22,817								
Adjustment Aid	18-495-034-5120-025	107,666	7/1/2017	6/30/2018				100,169	(107,666)					(7,497)	(107,666)	
Adjustment Aid	17-495-034-5120-025	107,666	7/1/2016	6/30/2017	(8,159)			8,159								
Extraordinary Aid	18-100-034-5120-473	1,369,343	7/1/2017	6/30/2018					(1,369,343)				\$ (1,369,343)		(1,369,343)	
Extraordinary Aid	17-100-034-5120-473	1,238,062	7/1/2016	6/30/2017	(1,238,062)			1,238,062								
Additional NP Transportation Aid	18-495-034-5120-014	64,840	7/1/2017	6/30/2018					(64,840)					(64,840)	(64,840)	
Additional NP Transportation Aid	17-495-034-5120-014	44,892	7/1/2016	6/30/2017	(44,892)			44,892								
PARCC Readiness Aid	18-495-034-5120-098	34,020	7/1/2017	6/30/2018				31,675	(34,020)					(2,345)	(34,020)	
PARCC Readiness Aid	17-495-034-5120-098	34,020	7/1/2016	6/30/2017	(2,580)			2,580								
Per Pupil Growth Aid	18-495-034-5120-097	34,020	7/1/2017	6/30/2018				31,675	(34,020)					(2,345)	(34,020)	
Per Pupil Growth Aid	17-495-034-5120-097	34,020	7/1/2016	6/30/2017	(2,580)			2,580								
Professional Learning	18-495-034-5120-101	35,810	7/1/2017	6/30/2018				33,342	(35,810)					(2,468)	(35,810)	
Professional Learning	17-495-034-5120-101	35,810	7/1/2016	6/30/2017	(2,715)			2,715								
On-Behalf Teachers' Pension and Annuity Fund	18-495-034-5094-002	4,911,474	7/1/2017	6/30/2018				4,911,474	(4,911,474)					(4,911,474)	(4,911,474)	
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	18-495-034-5095-001	3,172,217	7/1/2017	6/30/2018				3,172,217	(3,172,217)					(3,172,217)	(3,172,217)	
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	18-495-034-5094-004	5,552	7/1/2017	6/30/2018				5,552	(5,552)					(5,552)	(5,552)	
Reimbursed TPAF - Social Security	18-495-034-5094-003	2,366,087	7/1/2017	6/30/2018				2,439,566	(2,366,087)				(126,521)		(2,366,087)	
Reimbursed TPAF - Social Security	17-495-034-5094-003	2,419,733	7/1/2016	6/30/2017	(239,353)			239,353								
State Reimbursed Lead Testing	18-495-034-5120-104	10,010	7/1/2017	6/30/2018				10,010	(10,010)						(10,010)	
Total General Fund								15,619,714	(15,637,360)				(1,560,796)	(244,348)	(15,637,360)	
Special Revenue Fund																
Preschool Education Aid	495-034-5120-036	49,500	7/1/2017	6/30/2018				44,550	(49,500)					(4,950)	(49,500)	
Preschool Education Aid	495-034-5120-036	49,500	7/1/2016	6/30/2017	(4,950)			4,950								
New Jersey Non-Public Aid																
Non Public Nursing Services	100-034-5120-070	273,734	7/1/2017	6/30/2018				273,734	(249,860)				\$ 23,874		(249,860)	
Non Public Nursing Services	100-034-5120-070	254,520	7/1/2016	6/30/2017	\$ 13,030					\$ (13,030)						
Non Public Security Aid	100-034-5120-509	211,650	7/1/2017	6/30/2018				211,650	(195,261)				16,389		(195,261)	
Non Public Security Aid	100-034-5120-509	141,400	7/1/2016	6/30/2017	5,051					(5,051)						
Non Public Technology Initiative	100-034-5120-373	96,462	7/1/2017	6/30/2018				93,462	(91,357)				2,105		(91,357)	
Non Public Technology Initiative	100-034-5120-373	65,208	7/1/2016	6/30/2017	1,526					(1,526)						
Non Public Textbook Aid	100-034-5120-064	138,375	7/1/2017	6/30/2018				138,375	(127,498)				10,877		(127,498)	
Non Public Textbook Aid	100-034-5120-064	144,561	7/1/2016	6/30/2017	13,823					(13,823)						
Non Public Transportation Aid	100-034-5120-068	11,962	7/1/2017	6/30/2018				11,962	(11,962)						(11,962)	
Non Public Auxiliary Services (Ch. 192)																
English as a Second Language	100-034-5120-067	19,874	7/1/2017	6/30/2018				19,874	(11,744)					8,130	(11,744)	
Home Instruction	970	870	7/1/2017	6/30/2018					(3,426)						(3,426)	
Home Instruction	2,239	2,239	7/1/2016	6/30/2017	(2,239)			2,239								
Compensatory Education	32,776	32,776	7/1/2017	6/30/2018				32,776	(26,575)				6,201		(26,575)	
Compensatory Education	58,227	58,227	7/1/2016	6/30/2017			33,144			(33,144)						
Non Public Handicapped Services (Ch. 193)																
Specialized Instruction	100-034-5120-066	21,886	7/1/2017	6/30/2018				21,886	(21,886)						(21,886)	
Specialized Instruction		22,756	7/1/2016	6/30/2017	7,062					(7,062)						
Examination and Classification		52,414	7/1/2017	6/30/2018				52,414	(48,043)				4,371		(48,043)	
Examination and Classification		70,596	7/1/2016	6/30/2017	14,778					(14,778)						
Corrective Speech		46,426	7/1/2017	6/30/2018				46,426	(40,176)				6,250		(40,176)	
Total Special Revenue Fund								954,298	(877,248)				(3,426)	78,197	(877,248)	
New Jersey Schools Development Authority																
Capital Projects Fund																
Schools Development Authority Grant	4255-030-14-1001	483,180	9/17/2015	Completion				313,168							(313,168)	
Schools Development Authority Grant	4255-030-14-1002	50,276	9/17/2015	Completion				34,687							(34,687)	
Schools Development Authority Grant	4255-110-14-1004	196,408	9/17/2015	Completion				132,862							(132,862)	
Total Capital Projects Fund								480,717							(480,717)	
State Department of Agriculture																
Enterprise Fund																
State School Lunch Program (State share)	18-100-010-3350-023	8,381	7/1/2017	6/30/2018				7,663	(8,381)					(718)	(8,381)	
State School Lunch Program (State share)	17-100-010-3350-023	7,265	7/1/2016	6/30/2017				592								
Total Enterprise Fund								(592)	8,555				(718)		(8,381)	
Total State Financial Assistance								\$ (2,376,106)	\$ 88,414				\$ (1,564,850)	\$ 78,197	\$ (249,495)	
State Financial Assistance Not Subject to Single Audit Determination:																
On-Behalf Teachers' Pension and Annuity Fund	18-495-034-5094-002	4,911,474	7/1/2017	6/30/2018				\$ 4,911,474	\$ (4,911,474)						\$ (4,911,474)	
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	18-495-034-5095-001	3,172,217	7/1/2017	6/30/2018				3,172,217	(3,172,217)						(3,172,217)	
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	18-495-034-5094-004	5,552	7/1/2017	6/30/2018				5,552	(5,552)						(5,552)	
Total State Financial Assistance Subject to Single Audit Determination								\$ (2,376,106)	\$ 88,414				\$ (1,564,850)	\$ 78,197	\$ (249,495)	

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

Princeton Public Schools

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

Year ended June 30, 2018

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

Princeton Public Schools

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

Year ended June 30, 2018

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$20,753 for the general fund and \$153,419 for the special revenue fund. See note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to GAAP of accounting for the general and special revenue funds. The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$114,790 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis. Federal and state award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,023	\$ 15,668,113	\$ 15,673,146
Special Revenue Fund	1,524,942	841,100	2,366,042
Food Service Enterprise Fund	314,908	8,381	323,289
Total financial award revenues	<u>\$1,844,873</u>	<u>\$ 16,517,604</u>	<u>\$ 18,362,477</u>

4. Relationship to Federal and State Financial Reports

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

Princeton Public Schools

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

Year ended June 30, 2018

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2018.

The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2018 amounted to \$8,089,243. Since on-behalf post retirement pension, disability insurance and medical benefits are paid by the State directly, these expenditures are not subject to a Single Audit in accordance with New Jersey OMB's Circular 15-08, as directed by the funding agency.

6. Indirect Costs

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

7. Adjustments

The adjustment presented on the Schedule K-3 is the result of the cancellation of prior year encumbrance and accounts receivable.

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

Part I - Summary of Auditors' Results (continued)

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

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

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

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

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

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	H027A170100	IDEA Part B, Basic

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

Auditee qualified as low-risk auditee? X Yes No

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

Part I - Summary of Auditors' Results (continued)

State Awards

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

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

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

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
	General State Aid Cluster:
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-085	Adjustment Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid
18-100-034-5120-473	Extraordinary Aid
18-495-034-5120-014	Transportation Aid

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

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

Princeton Public Schools
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

Part II - Schedule of Financial Statement Findings

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

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2018

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

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 Section 516(a) or New Jersey State OMB Circular 15-08.

Princeton Public Schools
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2018

No prior year findings were noted.