

PRINCETON PUBLIC SCHOOLS
Princeton, New Jersey



Live to Learn, Learn to Live

Comprehensive Annual Financial Report for the
Year ended June 30, 2019

Princeton Public Schools

Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

Princeton Public Schools
Princeton, New Jersey

Prepared by Princeton Public Schools
Business Office
Matthew Bouldin
Business Administrator, Board Secretary

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Introductory Section



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

December 4, 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, 2019, 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, 2019 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 2018-2019 fiscal year with an average daily enrollment of 3,778 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 six years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>% Change</u>
2018-19	3,778	0.72%
2017-18	3,751	0.73%
2016-17	3,720	4.81%
2015-16	3,553	-0.28%
2014-15	3,560	4.12%

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 2019. 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>
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	414
2019-20	422

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 planned to enroll 8 additional students in September 2019 to meet the maximum of 424 students. 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 relatively good condition in terms of general maintenance. In December of 2018, the community voted in favor of the District’s \$26,928,000 referendum. The referendum includes HVAC/Security upgrades at all schools, as well as a small addition at the high school to

address anticipated enrollment growth and programs. It also converts a space at the middle school into three additional classrooms. 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, having recently approved a planning consultant who will work with the District and all stakeholders to develop a long range plan for growth.

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. 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 Spanish-English dual language immersion program ran for a third year at Community

Park Elementary School during 2018-2019. The school now has DLI classes in Preschool through grade five. 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 students of color as well as 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 all children to reach their greatest 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, 2018, and was again granted the award for the *22nd 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.

8. Acknowledgments

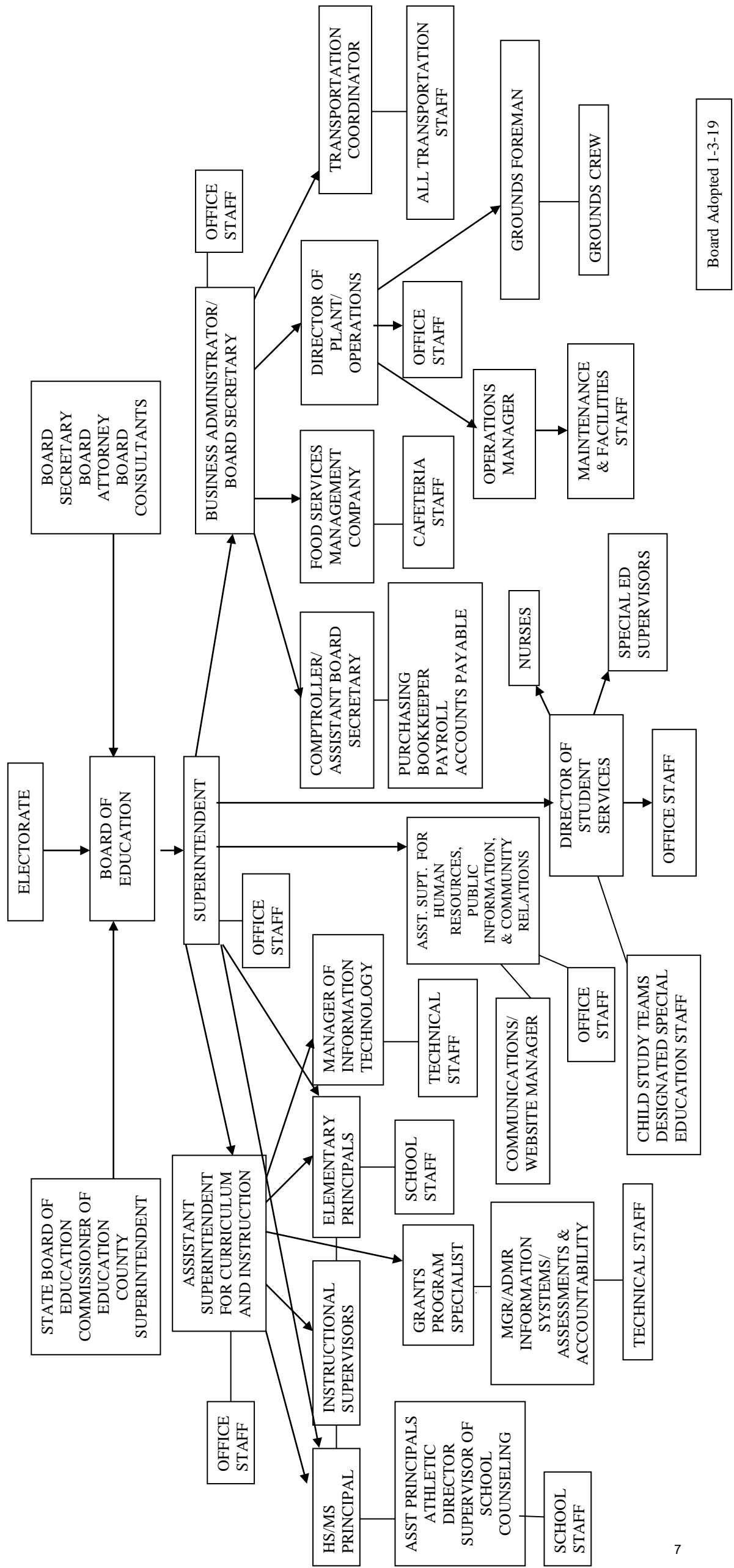
We would like to express our appreciation to the members of the Princeton School Board for its concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing full support to the development and maintenance of our financial operation. The preparation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

Respectfully submitted,


Steve Cochrane
Superintendent of Schools


Matt Bouldin
School Business Administrator

PRINCETON PUBLIC SCHOOLS ORGANIZATIONAL CHART



Board Adopted 1-3-19

Princeton Public Schools
Princeton, New Jersey

Roster of Officials

June 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires (December)</u>
Beth Behrend, President	2020
Gregory Stankiewicz, Vice President	2019
Debbie Bronfeld	2019
Daniel Dart	2021
Jessica Deutsch	2020
William Hare	2019
Betsy Kalber-Baglio	2021
Brian McDonald	2021
Michele Tuck-Ponder	2020
Peter Katz*	*

Other Officials

Stephen C. Cochrane, Superintendent of Schools	
Stephanie Kennedy, Business Administrator/Board Secretary	(retired 2/28/19)
Thomas Venanzi, Interim Business Administrator/Board Secretary	(3/1/19-8/27/19)
Matthew Bouldin, Business Administrator/Board Secretary	(began 8/27/19)
Annie G. Kosek, Assistant Superintendent of Curriculum and Instruction	
Lewis Goldstein, Assistant Superintendent for Human Resources	(retired 1/31/19)
Michael Volpe, Assistant Superintendent for Human Resources	(began 2/11/19)
Micki Crisafulli, Director of Student Services	
Gary Weisman, Director of Plant and Operations	(retired 6/30/19)
David Harding, Director of Plant and Operations	(began 7/1/19)
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, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
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, 2019, 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, 2019, 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 December 4, 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

December 4, 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, 2019

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, 2019. 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 22-23 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 24-26 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 27-29 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 30-31 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 32-74 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 75-102 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 \$36,830,354 (net position) for the fiscal year ended June 30, 2019 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, 2019 and 2018:

Princeton Public Schools Princeton, New Jersey Net Position June 30,						
	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 35,774,001	\$ 402,658	\$ 36,176,659	\$ 9,200,252	\$ 378,094	\$ 9,578,346
Capital assets, net	81,440,028	164,861	81,604,889	83,691,591	159,217	83,850,808
Total assets	117,214,029	567,519	117,781,548	92,891,843	537,311	93,429,154
Deferred outflows of resources	9,079,754		9,079,754	11,667,519		11,667,519
Liabilities:						
Current liabilities	9,308,137	78,329	9,386,466	8,403,831	70,115	8,473,946
Net pension liability	26,808,273		26,808,273	30,712,413		30,712,413
Long-term liabilities	44,279,977		44,279,977	23,063,709		23,063,709
Total liabilities	80,396,387	78,329	80,474,716	62,179,953	70,115	62,250,068
Deferred inflow of resources	9,556,232		9,556,232	6,930,369		6,930,369
Net position:						
Net investment in capital assets	62,887,801	164,861	63,052,662	61,422,775	159,217	61,581,992
Restricted for capital reserve	2,303,847		2,303,847	242,450		242,450
Restricted for maintenance reserve	110,684		110,684	-		-
Restricted for capital projects	-		-	534,664		534,664
Restricted for excess surplus-prior year	-		-	193,609		193,609
Unrestricted (deficit)	(28,961,168)	324,329	(28,636,839)	(28,944,458)	307,979	(28,636,479)
Total net position	\$ 36,341,164	\$ 489,190	\$ 36,830,354	\$ 33,449,040	\$ 467,196	\$ 33,916,236

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, maintenance reserve, and excess fund balance in the general fund).

Current and other assets increased primarily due to the increase in cash and cash equivalents, as bonds approved by referendum of \$26,928,000 was issued in January 2019 and a majority of these funds were invested or held in cash as the projects were just beginning during the fiscal year. 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 increased mainly due to the issuance of the referendum bond of \$26,928,000. Deferred inflow of resources related to pensions 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 increase in bonds payable and unamortized premium (used to build or acquire capital assets), due to regular payments of principal made during the current year, offset by the issuance of the 2019 school bonds.

There was no substantial change in business-type activity assets, liabilities and net position for the year ended June 30, 2019.

Government-wide activities. The key elements of the District's net position for the years ended June 30, 2019 and 2018 are as follows:

Princeton Public Schools Princeton, New Jersey Net Position Year Ended June 30,						
2019			2018			
Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	
Revenues:						
Program Revenues:						
Charges for services	\$ 5,735,909	\$ 738,705	\$ 6,474,614	\$ 5,396,908	\$ 787,213	\$ 6,184,121
Operating grants and contributions	2,761,618	321,573	3,083,191	2,427,599	323,289	2,750,888
General revenues:						
Property taxes	81,415,395		81,415,395	78,567,568		78,567,568
Federal and state aid not restricted to specific purposes	27,462,239		27,462,239	31,697,530		31,697,530
Earnings on investments	423,997	2,165	426,162	83,202	1,978	85,180
Miscellaneous	949,073		949,073	427,356		427,356
Total Revenues	118,748,231	1,062,443	119,810,674	118,600,163	1,112,480	119,712,643
Expenses:						
Instructional services	68,332,193		68,332,193	70,334,757		70,334,757
Support services	42,497,561	1,040,449	43,538,010	43,505,257	1,103,582	44,608,839
Charter school	6,161,680		6,161,680	5,539,621		5,539,621
Interest on long-term debt	864,673		864,673	866,111		866,111
Total expenses	117,856,107	1,040,449	118,896,556	120,245,746	1,103,582	121,349,328
Change in net position	892,124	21,994	914,118	(1,645,583)	8,898	(1,636,685)
Net position-beginning of year	35,449,040	467,196	35,916,236	37,094,623	458,298	37,552,921
Net position-end of year	\$ 36,341,164	\$ 489,190	\$ 36,830,354	\$ 35,449,040	\$ 467,196	\$ 35,916,236

Property taxes increased \$2,855,364, which was in accordance with state regulations.

The decrease in unrestricted federal and state aid is mainly due to the decrease related to GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the District to record \$168,041 less in additional revenues and expenses, which were contributions made on behalf of the District by the State for post-employment health benefits. This decrease is also caused by a decrease in the TPAF full accrual pension adjustment of \$4,067,251.

The increase in earnings on investments is due to the \$26,928,000 bond issued in the current year of which approximately \$22 million was invested in U.S. Treasury Bonds.

Instructional services expenses decreased due to the increase in number of students attending charter schools in the current year as well as the District decreasing spending and budgeting better in this area. Support services expenses decreased due to decreases in the number of employees, and salary and benefits increases, as well as decrease 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 \$3,244,594, while the total fund balance was \$8,295,495. The net change in total fund balance for the General Fund was an increase of \$927,794, which was mainly attributable to District having more revenue than expenditures. The District withdrew \$100,000 for the use of capital projects.

Special Revenue Fund. The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year were comparable to the prior fiscal year, with an increase of \$336,719 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 \$1,258,075.

Capital Projects Fund. The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). There were expenditures of \$1,534,848 in the current fiscal year compared to expenditures of \$166,620 in the prior year. The increase was mainly due to current year expenditures associated with the \$26,928,000 referendum projects which commenced in the current 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 \$362,964.

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, 2019, and the increases in relation to prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2018</u>	<u>Percent of Increase</u>
Local sources	\$ 88,217,678	80.5%	\$ 3,690,482	4.4%
State sources	19,569,673	17.9	3,060,450	18.5
Federal sources	1,753,037	1.6	223,072	14.6
Total	<u>\$109,540,388</u>	<u>100.0%</u>	<u>\$ 6,974,004</u>	<u>6.8%</u>

The increase in local sources is mainly attributable to an increase in the tax levy of \$2,855,364.

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 \$1,375,913, 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, 2019, and the increases and decreases in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 41,757,056	38.2%	\$ 1,244,064	3.1%
Support services	55,156,570	50.6	2,900,034	5.5
Charter schools	6,161,680	5.7	622,059	11.2
Debt service:				
Principal	5,279,765	4.8	270,000	5.4
Interest	649,497	0.6	(312,153)	(32.5)
Cost of Issuance	231,355	0.1	231,355	100.0
Total	\$109,235,923	100.0%	\$ 4,955,359	4.8%

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

General Fund Budgetary Highlights

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

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

Expenditures

- The modified budget for regular programs – undistributed instruction – other salaries for instruction decreased from the original budget by approximately \$427,000 or 33% as a result of moving funds to cover retirements and leaves of absence.
- The modified budget for undistributed expenditures – instruction – tuition to CSSD & regional day schools decreased from the original budget by approximately \$267,000 or 30% as a result of moving funds among various tuition categories during the current year.
- The modified budget for undistributed expenditures – instruction – tuition to private schools for the disabled – within state increased from the original budget by approximately \$365,000 or 30% as a result of more students attending private schools for the disabled in the current year.

- The modified budget for undistributed expenditures – instruction – tuition - other decreased from the original budget by approximately \$397,000 or 99% as a result of allocating to various tuition categories in the current year.
- The modified budget for undistributed expenditures – child study team – purchased professional educational services increased from the original budget by approximately \$279,000 or 39% as a result of requiring additional funds for purchased professional educational services in the current year.
- The modified budget for undistributed expenditures – required maintenance for school facilities – cleaning, repair and maintenance services increased from the original budget by approximately \$342,000 or 54% as a result of requiring additional maintenance services in the current year.
- The modified budget for undistributed expenditures – custodial services - electricity decreased from the original budget by approximately \$230,000 or 21% as a result of less electric consumption in the current year.
- The modified budget for undistributed expenditures – student transportation services – contracted services (between home and school) - vendors increased from the original budget by approximately \$536,000 or 56% as a result of the district changing school start times and having to add additional routes in the current year.
- The modified budget for undistributed expenditures – student transportation services – contracted services (spec. ed.) - vendors decreased from the original budget by approximately \$331,000 or 84% as a result of the district requiring fewer vendors for special education routes in the current year.
- The modified budget for contribution to charter schools decreased by approximately \$190,000 or 3% as a result of the district budgeting for larger increases in charter school tuition 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 miscellaneous local revenue was in excess of the modified budget by \$435,635 or 46% as a result of the district refunding the general fund for prior year expenditures related to the referendum in the current year.
- Actual extraordinary aid was in excess of the modified budget by \$1,728,553 or 70% 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.

Capital Assets

At the end of the fiscal years ended June 30, 2019 and 2018, the District had \$81,604,889 and \$83,850,808, 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	
	2019	2018	2019	2018
Land	\$ 195,190	\$ 195,190		
Construction in progress	1,212,649	86,970		
Building and building improvements	78,391,226	81,383,207		
Machinery and equipment	1,640,963	2,026,224	\$ 164,861	\$ 159,217
Total	<u>\$ 81,440,028</u>	<u>\$ 83,691,591</u>	<u>\$ 164,861</u>	<u>\$ 159,217</u>

The decrease in capital assets, net is due to capital asset additions being less than depreciation expense during the 2018-19 year. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long-Term Liabilities

At June 30, 2019, the District had \$76,927,482 of outstanding long-term liabilities. Of this amount, \$26,808,273 is for the net pension liability, \$5,648,497 is for compensated absences; \$43,718,000 of serial bonds for school construction; and \$752,712 is for the unamortized premium on bonds. The District paid \$4,955,000 of the principal balance of outstanding bonds during the 2018-19 fiscal year and one additional bond was issued, while one bond was refunded during the current year. The legal debt margin at June 30, 2019 is \$282,056,660.

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

Economic Factors and Next Year's Budget

- The District budgeted \$2,350,000 of its 2019 fund balance to partially fund 2019-2020 operations, a decrease of \$768,609 from the prior year.
- The 2019-2020 tax levy was increased in accordance with state regulations.

All of the above factors were considered in preparing the District's 2019-20 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, 2019.

Princeton Public Schools

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,114,061	\$ 315,930	\$ 9,429,991
Investments	21,188,088		21,188,088
Accounts receivable	3,090,893	31,933	3,122,826
Internal balances	(33,572)	33,572	-
Inventories		21,223	21,223
Restricted assets:			
Cash and cash equivalents	2,414,531		2,414,531
Capital assets, non-depreciable	1,407,839		1,407,839
Capital assets, depreciable, net	80,032,189	164,861	80,197,050
Total assets	<u>117,214,029</u>	<u>567,519</u>	<u>117,781,548</u>
Deferred Outflows of Resources			
Deferred loss on defeasance of debt	270,764		270,764
Pension deferrals	8,808,990		8,808,990
Total deferred outflows of resources	<u>9,079,754</u>		<u>9,079,754</u>
Liabilities			
Accounts payable	2,614,733	22,792	2,637,525
Accrued interest payable	593,439		593,439
Intergovernmental payables:			
State	90,417		90,417
Unearned revenue	169,496	55,537	225,033
Other liabilities	820		820
Net pension liability	26,808,273		26,808,273
Current portion of long-term obligations	5,725,880		5,725,880
Noncurrent portion of long-term obligations	44,393,329		44,393,329
Total liabilities	<u>80,396,387</u>	<u>78,329</u>	<u>80,474,716</u>
Deferred Inflow of Resources			
Pension deferrals	9,556,232		9,556,232
Net position			
Net investment in capital assets	62,887,801	164,861	63,052,662
Restricted for:			
Capital reserve	2,303,847		2,303,847
Maintenance reserve	110,684		110,684
Unrestricted (deficit)	(28,961,168)	324,329	(28,636,839)
Total net position	<u>\$ 36,341,164</u>	<u>\$ 489,190</u>	<u>\$ 36,830,354</u>

See accompanying notes to the basic financial statements.

Princeton Public Schools

Statement of Activities

Year ended June 30, 2019

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	\$ 68,332,193	\$ 5,565,909	\$ 1,660,781	\$ (61,105,503)		\$ (61,105,503)
Support services:						
Attendance/social work	466,708			(466,708)		(466,708)
Health services	1,507,074			(1,507,074)		(1,507,074)
Other support services	12,811,403		1,100,837	(11,710,566)		(11,710,566)
Improvement of instruction	412,955			(412,955)		(412,955)
Other support: instructional staff	2,356,743			(2,356,743)		(2,356,743)
School library	1,956,889			(1,956,889)		(1,956,889)
General administration	1,338,894			(1,338,894)		(1,338,894)
School administration	4,635,840			(4,635,840)		(4,635,840)
Central services	2,172,176			(2,172,176)		(2,172,176)
Admin info technology	1,050,273			(1,050,273)		(1,050,273)
Required maintenance of plant services	2,111,589			(2,111,589)		(2,111,589)
Operation of plant	7,117,461			(7,117,461)		(7,117,461)
Student transportation	4,559,556	170,000		(4,389,556)		(4,389,556)
Charter schools	6,161,680			(6,161,680)		(6,161,680)
Interest on long-term debt	864,673			(864,673)		(864,673)
Total governmental activities	117,856,107	5,735,909	2,761,618	(109,358,580)		(109,358,580)
Business-type activities						
Food service	1,040,449	738,705	321,573		\$ 19,829	19,829
Total business-type activities	1,040,449	738,705	321,573		19,829	19,829
Total primary government	\$ 118,896,556	\$ 6,474,614	\$ 3,083,191	(109,358,580)	19,829	(109,338,751)
General revenues:						
Property taxes, levied for general purposes				76,246,634		76,246,634
Property taxes, levied for debt service				5,168,761		5,168,761
Federal and state sources				27,462,239		27,462,239
Investment earnings				423,997	2,165	426,162
Miscellaneous income				949,073		949,073
Total general revenues				110,250,704	2,165	110,252,869
Change in net position				892,124	21,994	914,118
Net position—beginning				35,449,040	467,196	35,916,236
Net position—ending				\$ 36,341,164	\$ 489,190	\$ 36,830,354

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Princeton Public Schools
Governmental Funds

Balance Sheet

June 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 2,350,791	\$ 254,694	\$ 6,508,576		\$ 9,114,061
Investments			21,188,088		21,188,088
Accounts receivable:					
State	2,675,029	1,181			2,676,210
Federal		198,258			198,258
Local		2,748			2,748
Interfund	1,666,251			\$ 741,481	2,407,732
Other	148,050		65,627		213,677
Restricted cash and cash equivalents	2,414,531				2,414,531
Total assets	<u>\$ 9,254,652</u>	<u>\$ 456,881</u>	<u>\$ 27,762,291</u>	<u>\$ 741,481</u>	<u>\$ 38,215,305</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 918,813	\$ 207,870	\$ 85,355		\$ 1,212,038
Intergovernmental payables:					
State		90,417			90,417
Interfunds payable	33,572		2,029,215	\$ 378,517	2,441,304
Unearned revenue	6,772	162,724			169,496
Other liabilities		820			820
Total liabilities	959,157	461,831	2,114,570	378,517	3,914,075
Fund balances:					
Restricted for:					
Capital reserve	2,303,847				2,303,847
Maintenance reserve	110,684				110,684
Capital projects			25,647,721		25,647,721
Debt service				362,964	362,964
Assigned to:					
Designated for subsequent year expenditures	2,350,000				2,350,000
Other purposes	286,370				286,370
Unassigned (deficit)	3,244,594	(4,950)			3,239,644
Total fund balances	<u>8,295,495</u>	<u>(4,950)</u>	<u>25,647,721</u>	<u>362,964</u>	<u>34,301,230</u>
Total liabilities and fund balances	<u>\$ 9,254,652</u>	<u>\$ 456,881</u>	<u>\$ 27,762,291</u>	<u>\$ 741,481</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$129,866,049 and the accumulated depreciation is \$48,426,021. (See Note 4)	81,440,028
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.	(593,439)
Long-term liabilities, including bonds payable and compensated absences are not due in the current period and therefore are not liabilities in the funds.	(50,119,209)
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.	270,764
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(747,242)
Accrued pension contributions for the June 30, 2019 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.	(1,402,695)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(26,808,273)</u>
Net position of governmental activities	<u>\$ 36,341,164</u>

See accompanying notes to the basic financial statements.

Princeton Public Schools
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Local tax levy	\$ 76,246,634			\$ 5,168,761	\$ 81,415,395
Tuition	5,565,909				5,565,909
Interest on investments	73,011		\$ 350,986		423,997
Transportation-hazardous routes	170,000				170,000
Miscellaneous	941,536	\$ 44,290		7,537	993,363
Total local sources	82,997,090	44,290	350,986	5,176,298	88,568,664
State sources	18,598,962	970,711			19,569,673
Federal sources	6,420	1,746,617			1,753,037
Total revenues	101,602,472	2,761,618	350,986	5,176,298	109,891,374
Expenditures:					
Current:					
Instruction	37,455,758	1,660,781			39,116,539
Support services:					
Instruction - tuition to other districts	2,640,517				2,640,517
Attendance/social work	268,185				268,185
Health services	881,386				881,386
Support services	7,040,918	1,100,837			8,141,755
Improvement of instruction	253,058				253,058
Other support: instructional staff	1,248,336				1,248,336
School library	945,703				945,703
General administration	939,515				939,515
School administration	2,595,530				2,595,530
Central services	1,351,836				1,351,836
Administration information technology	922,913				922,913
Required maintenance of plant services	1,585,179				1,585,179
Operation of plant-custodial services	4,213,203				4,213,203
Care & upkeep of grounds	363,352				363,352
Security	367,641				367,641
Student transportation	3,698,554				3,698,554
Employee benefits	15,397,571				15,397,571
On-behalf pension, medical and disability contributions	9,465,156				9,465,156
On-behalf TPAF social security contributions	2,641,354				2,641,354
Contribution to charter schools - current	6,161,680				6,161,680
Capital outlay			1,534,848		1,534,848
Debt Service:					
Principal	239,765			5,040,000	5,279,765
Interest				649,497	649,497
Cost of issuance			123,657	107,698	231,355
Total expenditures	100,677,110	2,761,618	1,658,505	5,797,195	110,894,428
Excess (deficiency) of revenues over (under) expenditures	925,362	-	(1,307,519)	(620,897)	(1,003,054)
Other financing sources (uses):					
Bonds issued			26,928,000	12,155,000	39,083,000
Premium on bonds issued			123,657	724,015	847,672
Transfers in	2,432			741,481	743,913
Transfers out			(743,913)		(743,913)
Payment to refunded bond escrow agent				(12,771,318)	(12,771,318)
Total other financing sources (uses)	2,432		26,307,744	849,178	27,159,354
Change in fund balances before special item	927,794	-	25,000,225	228,281	26,156,300
Special item-legal settlement			25,000		25,000
Net change in fund balances	927,794	-	25,025,225	228,281	26,181,300
Fund balances (deficit), July 1	7,367,701	(4,950)	622,496	134,683	8,119,930
Fund balances (deficit), June 30	\$ 8,295,495	\$ (4,950)	\$ 25,647,721	\$ 362,964	\$ 34,301,230

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, 2019

Total net change in fund balances - governmental funds (from B-2)		\$ 26,181,300
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital assets additions in the period.		
Depreciation expense	\$ (3,638,834)	
Capital asset additions	<u>1,387,271</u>	(2,251,563)
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.		
		(259,876)
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.		
		5,040,000
The issuance of long-term debt provides for general and refunding purposes provides current financial resources to governmental funds and has no effect on net position		
Refunding Bonds Issued	(12,155,000)	
Bonds Refunded	12,555,000	
Schools Bonds Issued	<u>(26,928,000)</u>	(26,528,000)
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred interest costs.		
Premium on Bond Issuance	(123,657)	
Premium on Refunding Bond Issuance	(724,015)	
Amortization of Premium on Bonds	330,208	
Deferred Interest on Refunding Bond Issuance	216,318	
Amortization of Deferred Interest Costs	<u>(54,153)</u>	(355,299)
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.		
		8,441
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.		
		(25,000)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension expense		(917,879)
Change in net position of governmental activities (A-2)		<u>\$ 892,124</u>

See accompanying notes to the basic financial statements.

Proprietary Fund

Princeton Public Schools
Proprietary Fund

Statement of Net Position

June 30, 2019

	Major Fund
	Business Type Activity
	Food Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 315,930
Accounts receivable:	
State	634
Federal	19,575
Interfund	33,572
Other	11,724
Inventories	21,223
Total current assets	402,658
Non-current assets:	
Capital assets:	
Equipment	932,586
Accumulated depreciation	(767,725)
Total capital assets, net	164,861
Total assets	567,519
Liabilities	
Current liabilities:	
Accounts payable	22,792
Unearned revenue	55,537
Total current liabilities	78,329
Net position	
Investment in capital assets	164,861
Unrestricted	324,329
Total net position	\$ 489,190

See accompanying notes to the basic financial statements.

Princeton Public Schools
Proprietary Fund

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2019

	Major Fund
	Business Type Activity
	Food
	Service
Operating revenues:	
Local sources:	
Daily food sales-reimbursable programs	\$ 338,134
Daily food sales-non-reimbursable programs	337,372
Special event income	42,966
Miscellaneous income	20,233
Total operating revenues	738,705
Operating expenses:	
Salaries	411,842
Employee benefits	67,931
Other purchased services	17,042
Supplies and materials	55,218
Depreciation	15,941
Cost of sales- non-program revenues	260,825
Cost of sales- program revenues	134,240
Management and administrative fees	64,649
Miscellaneous	12,761
Total operating expenses	1,040,449
Operating (loss)	(301,744)
Nonoperating revenues:	
State sources:	
State school lunch program	8,249
Federal sources:	
National school breakfast program	34,449
National school lunch program	215,364
Food donation program	63,511
Interest	2,165
Total nonoperating revenues	323,738
Change in net position	21,994
Total net position-beginning	467,196
Total net position-ending	\$ 489,190

See accompanying notes to the basic financial statements.

Princeton Public Schools
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2019

	Major Fund
	Business Type Activity
	Food
	Service
Cash flows from operating activities:	
Receipts from customers	\$ 739,393
Payments to employees	(411,842)
Payments for employee benefits	(67,931)
Payments to suppliers	(582,233)
Net cash used in operating activities	(322,613)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	260,687
Receipts from food donation program	64,930
Net cash provided by noncapital financing activities	325,617
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(21,585)
Net cash used in capital and related financing activities	(21,585)
Cash flows from investing activities:	
Interest received	2,165
Net cash provided by investing activities	2,165
Net (decrease) in cash and cash equivalents	(16,416)
Cash and cash equivalents, beginning of year	332,346
Cash and cash equivalents, end of year	\$ 315,930
Reconciliation of operating (loss) to net cash	
(used in) operating activities	
Operating (loss)	\$ (301,744)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	15,941
Change in assets and liabilities:	
Increase in accounts receivable	(5,451)
Increase in inventory	(4,582)
Increase in accounts payable	656
Increase in interfund receivable	(33,572)
Decrease in unearned revenue	6,139
Net cash used in operating activities	\$ (322,613)

Noncash noncapital financing activities:

The District received \$64,930 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2019.

See accompanying notes to the basic financial statements.

Fiduciary Funds

Princeton Public Schools
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2019

	Private- Purpose Scholarship Funds	Unemployment Compensation Trust	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 13,125	\$ 549,185	\$ 1,436,625
Total assets	<u>13,125</u>	<u>549,185</u>	<u>\$ 1,436,625</u>
Liabilities			
Accounts payable		714	
Payroll deductions and withholdings payable			\$ 561,960
Summer savings payable			356,017
Due to student groups			518,648
Total liabilities		<u>714</u>	<u>\$ 1,436,625</u>
Net Position			
Held in trust for scholarships	<u>\$ 13,125</u>		
Held in trust for unemployment claims and other purposes		<u>\$ 548,471</u>	

See accompanying notes to the basic financial statements.

Princeton Public Schools
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2019

	Private- Purpose Scholarship Fund	Unemployment Compensation Trust
Additions		
Contributions:		
Plan member contributions		\$ 80,540
Total contributions		80,540
Investment earnings:		
Interest	\$ 90	3,281
Total additions	90	83,821
Deductions		
Unemployment benefit payments		54,653
Scholarship payments	1,628	
Total deductions	1,628	54,653
Change in net position	(1,538)	29,168
Net position-beginning	14,663	519,303
Net position-ending	\$ 13,125	\$ 548,471

See accompanying notes to the basic financial statements.

Princeton Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2019

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, 2019

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, 2019

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. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school election to the date of the November general election thereby eliminating the vote on the annual base budget. 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, 2019

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, 2019

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, 2019

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. 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.

E. Cash, Cash Equivalents and Investments

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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.

F. Interfund Receivables/Payables

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

G. Inventories

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

The food service enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2019, the unused Food Donation Program commodities of \$2,691 are reported as unearned revenue in the Enterprise Fund.

H. Capital Assets

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

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.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

I. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2019, the amount earned by these employees but not disbursed was \$356,017 and is included in liabilities – summer savings payable in the fiduciary fund.

J. Deferred Outflows/Inflows of Resources

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

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

K. Compensated Absences

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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 \$5,648,497 at June 30, 2019. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Deferred Loss on Defeasance of Debt

Deferred loss on defeasance of debt arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2019, the District has recorded an unamortized balance of \$270,764 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2019 was \$54,153.

M. 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.

N. Long-Term Obligations

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

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

O. Fund Balances

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

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government’s highest level of decision-making authority. The District’s highest level of decision-making authority is the Board of Education (the “Board”) and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

Of the \$8,295,495 of fund balance in the General Fund, \$2,303,847 has been restricted in the capital reserve account, \$110,684 has been restricted in the maintenance reserve account, \$286,370 of encumbrances is assigned to other purposes, \$2,350,000 has been classified as assigned fund balance designated for subsequent year's expenditures, and \$3,244,594 is unassigned. The Capital Projects Fund fund balance is \$25,647,721, which is restricted for capital projects and the Debt Service Fund fund balance is \$362,964, which is restricted for debt service.

P. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not generate any excess fund balance during the 2019 fiscal year.

Q. Net Position

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

R. Management Estimates

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

S. On-Behalf Payments

Revenues and expenditures of the general fund include payments made or reimbursed by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$5,568,023 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

T. GASB Pronouncements

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.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The requirements of this Statement are effective for periods beginning after June 15, 2018.

Management has adopted this statement in the 2019 fiscal year and it was determined that it did not have an impact on its financial statements or disclosures.

U. Subsequent events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and December 4, 2019, the date that the financial statements were available for issuance.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

2. Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of this \$50,119,209 difference are as follows:

Bonds payable	\$	43,718,000
Unamortized premium on bonds		752,712
Compensated absences		<u>5,648,497</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position - governmental activities	\$	<u>50,119,209</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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

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

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

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

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

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

At June 30, 2019, the District's carrying value of its deposits was \$9,886,847, and the bank balance was \$11,449,183. Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2019 were secured by federal depository insurance and \$10,221,425 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$977,758 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,

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

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

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

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

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk: The District does not have a policy to limit interest rate risk.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

The following presents the components of investments held at June 30, 2019:

Investment Type	Fair Value	Investment Maturities Less than 1 year
United States Treasury Notes	\$ 21,188,088	\$ 21,188,088
Total Investments	\$ 21,188,088	\$ 21,188,088

The investments in United States Treasury Notes are recorded as investments in the capital projects fund.

New Jersey Asset and Rebate Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management Fund (“NJARM”).

The NJARM, which is an investment pool managed by Public Financial Management Company, allows governments within the state to pool their funds for investment purposes and the Security and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District’s portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At June 30, 2019, the District’s balance was \$3,956,610 with NJARM. The NJARM Joint Account portfolio is rated AAA by Standard & Poor’s.

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

3. Deposits and Investments (continued)

The following table sets forth by level, within fair value hierarchy, the investment assets at fair value as of June 30, 2019:

Investment Type	Assets at Fair Value as of June 30, 2019	
	<u>Level 2</u>	<u>Total</u>
United States Treasury Notes	\$ 21,188,088	\$ 21,188,088
	\$ 21,188,088	\$ 21,188,088

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2019:

	Beginning Balance	Increases	Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$195,190			\$195,190
Construction in progress	86,970	\$1,212,649	\$ (86,970)	1,212,649
Total capital assets, not being depreciated	282,160	1,212,649	(86,970)	1,407,839
Capital assets, being depreciated				
Land improvements	596,300			596,300
Buildings and building improvements	119,902,028	15,300	86,970	120,004,298
Machinery, equipment, and vehicles	7,698,290	159,322		7,857,612
Total capital assets being depreciated	128,196,618	174,622	86,970	128,458,210
Less accumulated depreciation for:				
Land improvements	596,300			596,300
Buildings and building improvements	38,518,821	3,094,251		41,613,072
Machinery, equipment, and vehicles	5,672,066	544,583		6,216,649
Total accumulated depreciation	44,787,187	3,638,834		48,426,021
Total capital assets being depreciated, net	83,409,431	(3,464,212)	86,970	80,032,189
Governmental activities capital assets, net	\$83,691,591	\$ (2,251,563)	\$ -	\$81,440,028

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

4. Capital Assets (continued)

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

Instruction	\$	2,185,244
Attendance/social work		14,035
Health services		46,125
Other support services		426,077
Improvement of instruction		13,243
Other support - instructional staff		65,328
School library		49,491
General administration		49,167
School administration		135,830
Central services		70,745
Information technology		48,298
Required maintenance of plant services		82,956
Operation of plant		258,741
Student transportation		193,554
		\$ 3,638,834

The following is a summary of business-type activities changes in capital assets for the year ended June 30, 2019.

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 911,001	\$ 21,585	\$ 932,586
Less accumulated depreciation for:			
Equipment	751,784	15,941	767,725
Total business-type activities capital assets, net	\$ 159,217	\$ 5,644	\$ 164,861

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

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, 2019 are comprised of the following issues:

\$10,980,000, 2013 school improvement bonds, due in annual installments ranging from \$1,135,000 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.

\$12,155,000, 2018 refunding bonds, due in annual installments ranging from \$1,030,000 to \$4,205,000 through February 1, 2022 at interest rates ranging from 3.00% to 5.00%. These bonds were issued to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2019, none of the refunded debt remains outstanding.

\$26,928,000, 2019 school bonds, due in annual installments ranging from \$800,000 to \$1,600,000 through July 15, 2038 at interest rates ranging from 2.50% to 3.00%. These bonds were issued to finance the school facilities projects approved by referendum in November 2018.

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2020	\$ 4,970,000	\$ 1,442,026	\$ 6,412,026
2021	5,998,000	1,243,826	7,241,826
2022	6,200,000	1,025,412	7,225,412
2023	2,025,000	772,250	2,797,250
2024	1,300,000	716,250	2,016,250
2025-2029	7,230,000	2,956,200	10,186,200
2030-2034	7,995,000	1,799,925	9,794,925
2035-2039	8,000,000	600,000	8,600,000
	<u>\$ 43,718,000</u>	<u>\$10,555,889</u>	<u>\$ 54,273,889</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

Bonds Authorized But Not Issued

As of June 30, 2019, the District had no authorized but not issued bonds.

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable	\$22,230,000	\$39,083,000	\$17,595,000	\$43,718,000	\$4,970,000
Premium on bonds	837,414	847,673	932,375	752,712	256,342
Compensated absences	5,656,938	360,210	368,651	5,648,497	499,538
Subtotal	28,724,352	40,290,883	18,896,026	50,119,209	5,725,880
Net pension liability	30,712,413		3,904,140	26,808,273	
Total governmental activities					
long-term liabilities	\$59,436,765	\$40,290,883	\$22,800,166	\$76,927,482	\$5,725,880

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 District'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 District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ 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 district 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.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. The contribution was increased to 7.5% in July 2018. 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, 2019, the State of New Jersey contributed \$9,465,156 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 \$2,641,354 during the year ended June 30, 2019 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, 2019, 2018 and 2017 were \$1,354,304, \$1,210,252, and \$1,222,239, 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, 2019

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, 2019, the District reported a liability of \$26,808,273 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.1361551600 percent, which was an increase of 0.0042199300 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$2,260,194 in the government-wide financial statements. At June 30, 2019, 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	\$ 4,417,559	\$ 8,571,860
Difference between expected and actual experience	511,238	138,232
Net difference between projected and actual earnings on pension plan investments		251,463
Changes in proportion and differences between District contributions and proportionate share of contributions	2,477,498	594,677
District contributions subsequent to the measurement date	1,402,695	
	<u>\$ 8,808,990</u>	<u>\$ 9,556,232</u>

\$1,402,695 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Year ended June 30:	
2020	\$ 919,196
2021	389,196
2022	(1,526,469)
2023	(1,508,712)
2024	(423,148)
	<u>\$ (2,149,937)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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 based on the plan actuary's modified 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-

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

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 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, 2018) 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, 2018 are summarized in the following table:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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 5.66% as of June 30, 2018 and 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 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, 2019

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, 2018 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	At 1% decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
State's proportionate share of the net pension liability associated with the District	\$ 33,708,314	\$ 26,808,273	\$ 21,019,580

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, 2018 are as follows:

Deferred outflows of resources	\$ 4,684,852,302
Deferred inflows of resources	\$ 7,646,736,226
Net pension liability	\$19,689,501,539
 District's Proportion	 0.1361551600%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

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, 2018, 2017, 2016, 2015 and 2014 is 5.63, 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, 2019

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, 2018 was \$207,147,070. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3256115443 percent, which was an increase of 0.0141686658 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$12,075,950 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, 2019

6. Pension Plans (continued)

Inflation rate	2.25%
Salary increases:	
2011-2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

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, 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, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018 and 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 3.87% as of June 30, 2018 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 50% 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 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, 2019

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, 2018 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	At 1% decrease (3.86%)	At current discount rate (4.86%)	At 1% increase (5.86%)
State's proportionate share of the net pension liability associated with the District	\$ 244,843,903	\$ 207,147,070	\$ 175,897,314

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, 2018 are as follows:

Deferred outflows of resources	\$12,599,296,329
Deferred inflows of resources	\$16,171,861,734
Net pension liability	\$63,617,852,031
District's Proportion	0.3256115443%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2018 is \$3,726,181,598.

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, 2018, 2017, 2016, 2015, and 2014 is 8.29, 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, 2019

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 employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State’s contribution to the Fund for TPAF retirees’ post-retirement benefits on behalf of the District for the years ended June 30, 2019, 2018, and 2017 were \$2,951,985, \$3,172,217, and \$2,918,896 respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the state is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

Total OPEB Liability

The total OPEB liability from New Jersey's plan is \$46,110,832,982.

Changes in Total OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2018:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2017	\$ 149,722,295
Changes for the year:	
Service cost	5,681,946
Interest cost	5,504,216
Changes in assumptions and other inputs	(28,198,277)
Member contributions	119,560
Benefit payments	(3,459,319)
Net changes	<u>(20,351,874)</u>
Ending Total OPEB Liability, June 30, 2018	<u>\$ 129,370,421</u>

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education Group	June 30, 2018
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	362,181

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 District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2018 was \$129,370,421. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Actuarial assumptions and other inputs

The total nonemployer OPEB liability in the June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Mortality Rates

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year based on MP-2017 scale. Postretirement mortality rates

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

were based on the RP-2006 Headcount-Weighted Health 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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.

100% of all retirees who currently have health care coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, 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.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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 total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

	At 1% decrease (2.87%)	At current discount rate (3.87%)	At 1% increase (4.87%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 152,942,173	\$ 129,370,421	\$ 110,633,312

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2018 calculated using the healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% decrease	Healthcare Cost Trend Rates	At 1% increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 106,932,188	\$ 129,370,421	\$ 159,045,843

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$6,240,818 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$	1,377,313,892
Deferred inflows of resources	\$	16,189,378,926
Collective OPEB Expense	\$	2,129,660,368
District's Proportion		0.28%

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

7. Post-Retirement Benefits (continued)

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.

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, 2019

10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2019 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,666,251	\$ 33,572
Capital Projects Fund		2,029,215
Debt Service Fund	741,481	378,517
Food Service Enterprise Fund	33,572	
	<u>\$ 2,441,304</u>	<u>\$ 2,441,304</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 and funds paid by the general fund that were reclassified to the capital projects fund. The interfunds between the general fund and the food service enterprise fund represents the May 2019 federal and state reimbursements that were deposited in the general fund and not transferred to the food service enterprise fund until after June 30, 2019. 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, 2019 may be impaired.

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

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

12. Contingent Liabilities (continued)

involved in several other claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a materially adverse effect on the financial position of the District.

13. Capital Reserve Account

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

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance July 1, 2018	\$ 2,242,450
Withdrawals:	
Capital Outlay – Budgeted Withdrawal	(100,000)
Deposits:	
Unspent capital outlay funds not utilized in 2018-19	151,085
Interest earned on capital reserve funds	10,312
Ending balance, June 30, 2019	<u>\$ 2,303,847</u>

The balance in the capital reserve does not exceed the LRFP balance of local support costs of uncompleted capital projects at June 30, 2019. The District did not budget any of the June 30, 2019 capital reserve balance in its 2019-20 fiscal year budget.

14. Maintenance Reserve Account

A maintenance reserve account was established by the District by way of a Board approved resolution in June 2019 for the accumulation of funds for use as maintenance expenditures

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

14. Maintenance Reserve Account (continued)

in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP).

Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance 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. The 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-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance July 1, 2018	\$ -
Deposits:	
Deposit into Capital Reserve (June 2019 Board Resolution)	110,684
Ending balance, June 30, 2019	<u>\$ 110,684</u>

The District did not budget any of the June 30, 2019 maintenance reserve balance in its 2019-20 fiscal year budget.

15. Deficit Fund Balances

The District has a deficit fund balance of \$4,950 in the Special Revenue Fund as of June 30, 2019 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditures asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

16. Transfers

The following presents a reconciliation of transfers during the 2019 fiscal year:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,432	
Capital Projects Fund		\$ 743,913
Debt Service Fund	741,481	
	<u>\$ 743,913</u>	<u>\$ 743,913</u>

The transfer out of the capital projects fund to the general fund relates to a transfer of interest in the amount of \$2,432. \$392,925 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 and \$348,556 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.

17. Restricted Assets

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

18. Commitments

The District also has contracts with several vendors for goods and services that have not been received as of June 30, 2019. These encumbrances, in the amount of \$286,370 are recorded as assigned to other purposes on the general fund balance sheet and \$5,331,296 as part of the restricted fund balance in the capital projects fund.

19. 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 \$62,896,339 indicated as part of the Governmental Activities net position is calculated as follows:

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

19. Net Position - Net Investment in Capital Assets (continued)

Capital assets, net of depreciation	\$ 81,440,028
Bonds payable (used to build or acquire capital assets)	(43,718,000)
Unspent bond proceeds	25,647,721
Deferred loss on defeasance of debt	270,764
Unamortized deferred premium	(752,712)
Total net investment in capital assets	<u>\$ 62,887,801</u>

20. Tax Abatements

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

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

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

The Municipality of Princeton recognized revenue of \$1,483,032 from the annual service charge in lieu of payment of taxes in 2018 and taxes in 2018 that otherwise would have been due on these long-term tax exemptions amounted to \$5,916,867, based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$4,433,835 abatement would have been allocated to the District.

Princeton Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

21. Legal Settlement-Special Item

The District received a legal settlement during the current fiscal year in the amount of \$25,000, which has been recorded as a special item in the capital projects fund.

Required Supplementary Information
Part II

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

Last Ten Fiscal Years

	Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
District's proportion of the net pension liability (asset) - Local Group	N/A	N/A	N/A	N/A	0.1131855499%	0.1200403097%	0.1224672619%	0.1362304658%	0.1319352300%	0.1361551600%
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A	N/A	\$ 21,632,007	\$ 22,474,829	\$ 27,491,446	\$ 40,347,557	\$ 30,712,413	\$ 26,808,273
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
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	272.88%	272.77%	300.19%	455.13%	334.11%	271.88%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	N/A	N/A	N/A	N/A	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%

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

Last Ten Fiscal Years

	2010	2011	2012	2013	Year Ended June 30,		2016	2017	2018	2019
					2014	2015				
Contractually required contribution	\$ 954,454	\$ 996,498	\$ 858,227	\$ 852,830	\$ 989,595	\$ 1,052,890	\$ 1,185,410	\$ 1,222,239	\$ 1,210,252	\$ 1,354,304
Contributions in relation to the contractually required contribution	(954,454)	(996,498)	(858,227)	(852,830)	(989,595)	(1,052,890)	(1,185,410)	(1,222,239)	(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	\$ 8,321,725	\$ 7,612,134	\$ 7,555,725	\$ 7,927,404	\$ 8,239,488	\$ 9,157,896	\$ 8,864,968	\$ 9,192,234	\$ 9,860,178	\$ 10,279,776
Contributions as a percentage of covered-employee payroll	11.47%	13.09%	11.36%	10.76%	12.01%	11.50%	13.37%	13.30%	12.27%	13.17%

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

Last Ten Fiscal Years*

	Year Ended June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3126860786%	0.3194868784%	0.3175550101%	0.3114428785%	0.3256115443%
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	\$ 207,147,070
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 167,120,532</u>	<u>\$ 201,929,350</u>	<u>\$ 249,808,990</u>	<u>\$ 209,986,019</u>	<u>\$ 207,147,070</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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
 Required Supplementary Information

Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
State's proportion of the net OPEB liability (asset) associated with the District	0.28%	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	\$ 129,370,421	\$ 149,722,295	\$ 160,761,108
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 129,370,421</u>	<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%	0.00%
	<u>2019</u>	<u>2018</u>	<u>2017**</u>
Total OPEB Liability			
Service cost	\$ 5,681,946	\$ 6,829,938	
Interest cost	5,504,216	4,729,081	
Changes in assumptions and other inputs	(28,198,277)	(19,257,642)	
Member contributions	119,560	127,696	
Gross benefit payments	<u>(3,459,319)</u>	<u>(3,467,886)</u>	
Net change in total OPEB liability	(20,351,874)	(11,038,813)	
Total OPEB liability - beginning	<u>149,722,295</u>	<u>160,761,108</u>	
Total OPEB liability - ending	<u>\$ 129,370,421</u>	<u>\$ 149,722,295</u>	
Covered-employee payroll	\$ 44,713,717	\$ 42,968,951	
Total OPEB liability as a percentage of covered-employee payroll	289.33%	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, 2019

1. PENSION - PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

2. PENSION - TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018.

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 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

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, 2019**

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>		<u>Final to</u>
					<u>Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 76,246,634		\$ 76,246,634	\$ 76,246,634	
Tuition	5,299,711		5,299,711	5,565,909	\$ 266,198
Transportation - Hazardous Routes	105,000		105,000	170,000	65,000
Interest Earned on Investments	83,250		83,250	73,011	(10,239)
Miscellaneous	475,500	\$ 30,401	505,901	941,536	435,635
Total - Local Sources	<u>82,210,095</u>	<u>30,401</u>	<u>82,240,496</u>	<u>82,997,090</u>	<u>756,594</u>
State Sources:					
Categorical Special Education Aid	2,674,637		2,674,637	2,674,637	
Transportation Aid	869,413		869,413	869,413	
Security Aid	371,547		371,547	371,547	
Adjustment Aid	107,606		107,606	107,606	
Non-Public Transportation Aid				64,595	64,595
Extraordinary Aid	750,000		750,000	2,478,553	1,728,553
TPAF Pension (On-Behalf - Non-Budgeted)				6,507,927	6,507,927
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				2,951,985	2,951,985
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				5,244	5,244
TPAF Social Security (Reimbursed - Non-Budgeted)				2,641,354	2,641,354
Total - State Sources	<u>4,773,203</u>		<u>4,773,203</u>	<u>18,672,861</u>	<u>13,899,658</u>
Federal Sources:					
Medical Assistance Program	51,910		51,910	6,420	(45,490)
Total - Federal Sources	<u>51,910</u>		<u>51,910</u>	<u>6,420</u>	<u>(45,490)</u>
Total Revenues	<u>87,035,208</u>	<u>30,401</u>	<u>87,065,609</u>	<u>101,676,371</u>	<u>14,610,762</u>
EXPENDITURES:					
Current:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	127,916	(5,700)	122,216	122,216	
Kindergarten - Salaries of Teachers	982,264	35,831	1,018,095	1,017,726	369
Grades 1-5 - Salaries of Teachers	7,772,794	112,390	7,885,184	7,853,568	31,616
Grades 6-8 - Salaries of Teachers	4,046,667	(57,159)	3,989,508	3,976,242	13,266
Grades 9-12 - Salaries of Teachers	9,379,941	130,323	9,510,264	9,508,934	1,330
Regular Programs - Home Instruction					
Salaries of Teachers	56,000	2,115	58,115	58,115	
Purchased Professional-Educational Services	55,000	26,675	81,675	44,367	37,308
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	1,299,418	(426,928)	872,490	842,168	30,322
Purchased Professional-Educational Services	373,127	(114,759)	258,368	175,482	82,886
Purchased Technical Services		8,000	8,000	7,800	200
Other Purchased Services	311,473	(11,955)	299,518	258,357	41,161
General Supplies	1,343,506	63,284	1,406,790	1,353,494	53,296
Textbooks	242,914	87,382	330,296	329,494	802
Other Objects	168,470	(6,174)	162,296	144,363	17,933
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>26,159,490</u>	<u>(156,675)</u>	<u>26,002,815</u>	<u>25,692,326</u>	<u>310,489</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	275,685	(4,198)	271,487	266,220	5,267
Other Salaries for Instruction	111,263	4,406	115,669	115,669	
General Supplies	15,000	(15,000)			
Other Objects	15,000	(15,000)			
Total Learning and/or Language Disabilities	<u>416,948</u>	<u>(29,792)</u>	<u>387,156</u>	<u>381,889</u>	<u>5,267</u>
Behavioral Disabilities					
Salaries of Teachers	60,035		60,035	60,035	
Total Behavioral Disabilities	<u>60,035</u>		<u>60,035</u>	<u>60,035</u>	
Multiple Disabilities					
Salaries of Teachers	81,023		81,023	81,023	
Other Salaries for Instruction	99,255	19,491	118,746	117,525	1,221
Total Multiple Disabilities	<u>180,278</u>	<u>19,491</u>	<u>199,769</u>	<u>198,548</u>	<u>1,221</u>

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center					
Salaries of Teachers	\$ 3,559,771	\$ (131,341)	\$ 3,428,430	\$ 3,377,755	\$ 50,675
Other Salaries for Instruction	1,634,935	49,065	1,684,000	1,659,246	24,754
General Supplies	29,750	(12,722)	17,028	16,915	113
Total Resource Room/Resource Center	<u>5,224,456</u>	<u>(94,998)</u>	<u>5,129,458</u>	<u>5,053,916</u>	<u>75,542</u>
Autism:					
Salaries of Teachers	675,761	(18,106)	657,655	607,283	50,372
Other Salaries for Instruction	1,027,374	(5,520)	1,021,854	1,010,468	11,386
General Supplies	10,700	(4,700)	6,000	2,720	3,280
Other Objects	5,000		5,000	3,564	1,436
Total Autism	<u>1,718,835</u>	<u>(28,326)</u>	<u>1,690,509</u>	<u>1,624,035</u>	<u>66,474</u>
Preschool Disabilities - Part-Time					
General Supplies	6,000	(6,000)			
Total Preschool Disabilities - Part-Time	<u>6,000</u>	<u>(6,000)</u>			
Preschool Disabilities - Full-Time					
Salaries of Teachers	317,428	52,561	369,989	369,988	1
Other Salaries for Instruction	204,842	44,972	249,814	233,943	15,871
General Supplies		1,023	1,023		1,023
Total Preschool Disabilities - Full-Time	<u>522,270</u>	<u>98,556</u>	<u>620,826</u>	<u>603,931</u>	<u>16,895</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>8,128,822</u>	<u>(41,069)</u>	<u>8,087,753</u>	<u>7,922,354</u>	<u>165,399</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,209,343	(107,628)	1,101,715	1,101,714	1
Other Salaries for Instruction	122,128	(19,988)	102,140	84,232	17,908
Total Basic Skills/Remedial - Instruction	<u>1,331,471</u>	<u>(127,616)</u>	<u>1,203,855</u>	<u>1,185,946</u>	<u>17,909</u>
Bilingual Education - Instruction					
Salaries of Teachers	750,288	48,167	798,455	798,131	324
Other Salaries for Instruction	137,637	45,432	183,069	169,456	13,613
General Supplies	2,631		2,631	2,042	589
Total Bilingual Education - Instruction	<u>890,556</u>	<u>93,599</u>	<u>984,155</u>	<u>969,629</u>	<u>14,526</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	280,998	3,534	284,532	282,873	1,659
Purchased Services	6,000	(104)	5,896	5,313	583
Supplies and Materials	15,217	104	15,321	15,321	
Other Objects	3,940	1,070	5,010	4,791	219
Total School-Spon. Cocurricular Actvts. - Inst.	<u>306,155</u>	<u>4,604</u>	<u>310,759</u>	<u>308,298</u>	<u>2,461</u>
School-Spon. Athletics					
Salaries	1,000,640	13,388	1,014,028	980,943	33,085
Purchased Services	152,421	19,100	171,521	131,073	40,448
Supplies and Materials	126,600	(1,236)	125,364	122,034	3,330
Other Objects	34,000	(4,134)	29,866	25,897	3,969
Total School-Spon. Athletics	<u>1,313,661</u>	<u>27,118</u>	<u>1,340,779</u>	<u>1,259,947</u>	<u>80,832</u>
Other Supplemental/At Risk Programs					
Salaries of Reading Specialists	81,023		81,023	81,023	
Other Supplemental/At Risk Programs	<u>81,023</u>		<u>81,023</u>	<u>81,023</u>	
TOTAL INSTRUCTION	<u>38,211,178</u>	<u>(200,039)</u>	<u>38,011,139</u>	<u>37,419,523</u>	<u>591,616</u>

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Special		\$ 93,044	\$ 93,044	\$ 93,043	\$ 1
Tuition to County Voc. School Dist. - Regular	\$ 220,000	(445)	219,555	205,636	13,919
Tuition to CSSD & Regional Day Schools	900,000	(267,455)	632,545	621,819	10,726
Tuition to Private Schools for the Disabled - Within State	1,225,000	364,606	1,589,606	1,513,969	75,637
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	210,000	(2,316)	207,684	204,730	2,954
Tuition - Other	400,000	(397,360)	2,640	1,320	1,320
Total Undistributed Expenditures - Instruction	2,955,000	(209,926)	2,745,074	2,640,517	104,557
Undistributed Expend. - Attend. & Social Work					
Salaries	267,407	289	267,696	267,475	221
Other Purchased Services	3,000		3,000	710	2,290
Total Undistributed Expend. - Attend. & Social Work	270,407	289	270,696	268,185	2,511
Undist. Expend. - Health Services					
Salaries	833,394	43,368	876,762	845,314	31,448
Purchased Professional and Technical Services	34,000	(19,400)	14,600	3,375	11,225
Supplies and Materials	40,975	(246)	40,729	32,697	8,032
Total Undistributed Expenditures - Health Services	908,369	23,722	932,091	881,386	50,705
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries	1,242,636	(27,890)	1,214,746	1,214,743	3
Purchased Professional - Educational Services		21,317	21,317	21,317	
Supplies and Materials	8,000		8,000	6,575	1,425
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	1,250,636	(6,573)	1,244,063	1,242,635	1,428
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	106,145		106,145	106,145	
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	106,145		106,145	106,145	
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,628,103	(21,368)	1,606,735	1,604,301	2,434
Salaries of Secretarial and Clerical Assistants	236,525	1	236,526	236,526	
Other Salaries	29,950		29,950	29,570	380
Other Purchased Services	5,375	(1,801)	3,574	3,319	255
Supplies and Materials	18,909		18,909	18,334	575
Other Objects	1,105		1,105	400	705
Total Undist. Expend. - Guidance	1,919,967	(23,168)	1,896,799	1,892,450	4,349
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	2,272,031	68,783	2,340,814	2,335,755	5,059
Salaries of Secretarial and Clerical Assistants	207,983	(400)	207,583	207,220	363
Other Salaries	335,000	(20,900)	314,100	231,548	82,552
Purchased Prof. - Educational Services	722,000	278,885	1,000,885	930,972	69,913
Other Purchased Services	87,000	(62,533)	24,467	20,135	4,332
Supplies and Materials	85,200	(37,525)	47,675	44,297	3,378
Other Objects	1,000		1,000	126	874
Total Undist. Expend. - Child Study Teams	3,710,214	226,310	3,936,524	3,770,053	166,471
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	126,021	(17,302)	108,719	108,719	
Other Salaries	138,186	(29,035)	109,151	109,150	1
Other Purchased Services	15,500	(2,831)	12,669	5,018	7,651
Supplies and Materials	9,887	(740)	9,147	7,483	1,664
Other Objects	22,705		22,705	22,688	17
Total Undist. Expend. - Improvement of Inst. Serv.	312,299	(49,908)	262,391	253,058	9,333

**BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 825,140	\$ 9,390	\$ 834,530	\$ 831,904	\$ 2,626
Supplies and Materials	125,885	(11,040)	114,845	113,799	1,046
Other Objects		4,200	4,200		4,200
Total Undist. Expend. - Edu. Media Serv./Sch. Library	951,025	2,550	953,575	945,703	7,872
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	1,151,763	(61,266)	1,090,497	978,074	112,423
Salaries - Other Professional Staff	75,000	45,000	120,000	120,000	
Salaries - Secretaries and Clerical Assistants	142,119	1,718	143,837	143,837	
Purchased Professional - Educational Services	11,500		11,500	6,425	5,075
Total Undist. Expend. - Instructional Staff Training Serv.	1,380,382	(14,548)	1,365,834	1,248,336	117,498
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries - Supervisor of Instruction	485,667	4,105	489,772	459,695	30,077
Legal Services	135,000	103,426	238,426	210,671	27,755
Audit Fees	88,000	(6,800)	81,200	81,200	
Other Purchased Professional Services	11,000		11,000	11,000	
Communications/Telephone	110,000	(26,777)	83,223	64,198	19,025
Board of Education Other Purchased Services	3,000		3,000	1,223	1,777
Miscellaneous Purchased Services	28,250	(9,886)	18,364	7,201	11,163
General Supplies	63,094	(32,112)	30,982	24,933	6,049
Miscellaneous Expenditures	32,088	10,177	42,265	38,606	3,659
Board of Education Dues and Fees	35,000	5,825	40,825	40,788	37
Total Undist. Expend. - Supp. Serv. - General Admin.	991,099	47,958	1,039,057	939,515	99,542
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,628,426	(24,080)	1,604,346	1,604,341	5
Salaries of Secretarial and Clerical Assistants	790,019	(7,464)	782,555	782,543	12
Other Salaries	7,175	8,876	16,051	16,034	17
Purchased Professional - Technical Services		11,676	11,676	11,676	
Unused Vacation Payment to Term/Ret Staff		47,682	47,682	47,682	
Other Purchased Services	71,287	(43,287)	28,000	25,020	2,980
Supplies and Materials	75,127	(28,758)	46,369	42,072	4,297
Other Objects	49,430	14,159	63,589	60,900	2,689
Total Undist. Expend. - Support Serv. - School Admin.	2,621,464	(21,196)	2,600,268	2,590,268	10,000
Undist. Expend. - Central Services					
Salaries	1,100,671	(2,144)	1,098,527	1,072,009	26,518
Unused Vacation Payment to Term/Ret Staff		85,586	85,586	85,586	
Purchased Professional Services	37,200	5,492	42,692	22,213	20,479
Purchased Technical Services	75,000	(15,000)	60,000	54,880	5,120
Miscellaneous Purchased Services	81,200	3,873	85,073	65,887	19,186
Supplies and Materials	63,150	(9,498)	53,652	41,283	12,369
Miscellaneous Expenditures	5,770	2,334	8,104	3,910	4,194
Total Undist. Expend. - Central Services	1,362,991	70,643	1,433,634	1,345,768	87,866
Undist. Expend. - Technology Admin.					
Salaries	620,115		620,115	591,925	28,190
Purchased Professional Services	45,670	27,168	72,838	25,674	47,164
Other Purchased Services	128,330	(66,076)	62,254	58,538	3,716
Travel	1,000	(500)	500		500
Supplies and Materials	196,000	13,501	209,501	191,759	17,742
Total Undist. Expend. - Technology Admin.	991,115	(25,907)	965,208	867,896	97,312
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	545,694	(35,741)	509,953	508,198	1,755
Unused Vacation Payment to Term/Ret Staff		33,573	33,573	33,573	
Cleaning, Repair and Maintenance Services	639,667	342,254	981,921	851,771	130,150
Travel	600	(94)	506	81	425
General Supplies	136,572	29,790	166,362	163,068	3,294
Other Objects	6,500	3,895	10,395	10,395	
Total Undist. Expend. - Required Maint. for Sch. Facil.	1,329,033	373,677	1,702,710	1,567,086	135,624

**BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Custodial Services					
Salaries	\$ 2,157,163	\$ (101,333)	\$ 2,055,830	\$ 2,048,839	\$ 6,991
Salaries of Non-Instructional Aides	99,810	50,803	150,613	138,123	12,490
Purchased Professional - Technical Services	21,600	34,936	56,536	50,800	5,736
Cleaning, Repair and Maintenance Services	76,940	3,768	80,708	77,138	3,570
Rental of Land & Buildings other than Leases	50,000	(332)	49,668	45,529	4,139
Other Purchased Property Services	115,000	(24,862)	90,138	90,134	4
Insurance	385,678	(57,464)	328,214	327,962	252
General Supplies	191,653	(22,402)	169,251	165,636	3,615
Miscellaneous Purchased Services	600	(300)	300	275	25
Natural Gas	400,000	102,541	502,541	425,738	76,803
Electricity	1,095,000	(229,713)	865,287	825,287	40,000
Energy	14,000	(1,585)	12,415	8,827	3,588
Total Undist. Expend. - Custodial Services	4,607,444	(245,943)	4,361,501	4,204,288	157,213
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	315,683	1	315,684	313,050	2,634
Cleaning, Repair and Maintenance Services	20,000	(7,709)	12,291	7,263	5,028
General Supplies	32,000	508	32,508	30,247	2,261
Total Undist. Expend. - Care and Upkeep of Grounds	367,683	(7,200)	360,483	350,560	9,923
Undist. Expend. - Security					
Salaries	142,052	131,110	273,162	268,942	4,220
Cleaning, Repair and Maintenance Services	15,000	29,557	44,557	39,406	5,151
General Supplies	93,000	(32,115)	60,885	59,293	1,592
Total Undist. Expend. - Security	250,052	128,552	378,604	367,641	10,963
Undist. Expend. - Student Transportation Serv.					
Salaries for Non-Instructional Aids	186,256	18,800	205,056	202,112	2,944
Salaries for Pupil Trans. (Between Home & School) - Regular	493,774	30,500	524,274	523,617	657
Salaries for Pupil Trans. (Between Home & School) - Sp. Ed.	470,086	66,470	536,556	533,182	3,374
Salaries for Pupil Trans. Other than Between Home & School	129,380	(51,068)	78,312	51,533	26,779
Cleaning, Repair & Maintenance Services	106,500	35,100	141,600	140,302	1,298
Contracted Services Aid In Lieu of Payment for Non-public School Students	235,000	(94,169)	140,831	101,922	38,909
Contracted Services (Between Home and School) - Vendors	964,000	536,000	1,500,000	1,479,971	20,029
Contracted Services (Other than Between Home and School) - Vendors	307,598	(8,282)	299,316	268,939	30,377
Contracted Services (Sp. Ed.) - Vendors	392,327	(331,000)	61,327	54,490	6,837
Contracted Services (Sp. Ed.) - Joint Agreements	282,000	(171,534)	110,466	98,376	12,090
Miscellaneous Purchased Services - Transportation	63,000	(1,850)	61,150	59,792	1,358
General Supplies	114,100	(27,470)	86,630	63,979	22,651
Transportation Supplies	17,500		17,500	13,849	3,651
Other Objects	7,250		7,250	3,463	3,787
Total Undist. Expend. - Student Transportation Serv.	3,768,771	1,497	3,770,268	3,595,527	174,741
Unallocated Benefits					
Group Insurance	2,500		2,500	2,356	144
Social Security Contributions	1,250,000	52,375	1,302,375	1,298,285	4,090
Other Retirement Contributions - Regular	1,335,000	78,204	1,413,204	1,412,703	501
Workmen's Compensation	386,322	95,125	481,447	481,447	
Health Benefits	10,934,175	(23,901)	10,910,274	10,910,274	
Tuition Reimbursement	95,000		95,000	93,279	1,721
Other Employee Benefits	932,982	24,246	957,228	957,227	1
Unused Vac. Payment to Term/Ret. Staff	100,000	142,000	242,000	242,000	
Total Unallocated Benefits	15,035,979	368,049	15,404,028	15,397,571	6,457
On-behalf TPAF Pension Contributions (Non-budgeted)				6,507,927	(6,507,927)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				2,951,985	(2,951,985)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				5,244	(5,244)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				2,641,354	(2,641,354)
Total On-behalf Contributions				12,106,510	(12,106,510)
TOTAL UNDISTRIBUTED EXPENDITURES	45,090,075	638,878	45,728,953	56,581,098	(10,852,145)
TOTAL GENERAL	83,301,253	438,839	83,740,092	94,000,621	(10,260,529)

BOARD OF EDUCATION
Princeton Public Schools
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs-Instruction:					
Grades 9-12		\$ 24,330	\$ 24,330	\$ 19,799	\$ 4,531
Special Education-Instruction:					
School- Spons. & Other Instruction Program	\$ 25,000	(8,563)	16,437	16,436	1
Undistributed Expenditures:					
Support Services - Students-Reg.	15,000	(4,269)	10,731	10,606	125
Support Services - Students-Spec.	15,000		19,029	19,029	
School Administration		5,381	5,381	5,262	119
Admin. Info. Tech.	85,000	(29,983)	55,017	55,017	
Undistributed Exp. - Central Services		6,068	6,068	6,068	
Undistributed Exp.-Req. Maint. of School Facilities		18,093	18,093	18,093	
Undistributed Exp.-Care and Upkeep of Grounds	12,000	1,313	13,313	12,792	521
Undistributed Exp.-Non-Instructional Services					
School buses-regular	100,000	4,000	104,000	103,027	973
Total Equipment	252,000	20,399	272,399	266,129	6,270
Facilities Acquisition and Construction Services					
Other Purchased Professional & Technical Services	15,000		15,000		15,000
Construction Services	85,000	60,000	145,000	8,915	136,085
Other Objects - Debt Service Assessment	239,765		239,765	239,765	
Total Facilities Acquisition and Construction Services	339,765	60,000	399,765	248,680	151,085
TOTAL CAPITAL OUTLAY	591,765	80,399	672,164	514,809	157,355
Contribution to Charter Schools	6,352,049	(190,369)	6,161,680	6,161,680	
TOTAL EXPENDITURES	90,245,067	328,869	90,573,936	100,677,110	(10,103,174)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(3,209,859)	(298,468)	(3,508,327)	999,261	4,507,588
Other Financing Sources:					
Transfer In				2,432	2,432
Total Other Financing Sources				2,432	2,432
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources	(3,209,859)	(298,468)	(3,508,327)	1,001,693	4,510,020
Fund Balance, July 1	7,612,249		7,612,249	7,612,249	
Fund Balance, June 30	\$ 4,402,390	\$ (298,468)	\$ 4,103,922	\$ 8,613,942	\$ 4,510,020
Recapitulation of (Deficiency) Excess of Revenues and Other Financing Sources (uses) (Under) Over Expenditures:					
Budgeted Fund Balance	\$ (3,118,609)		\$ (3,118,609)	\$ 1,361,382	\$ 4,479,991
Adjustment for Prior Year Encumbrances		\$ (298,468)	(298,468)	(298,468)	
(Decrease) Increase in Capital Reserve	(91,250)		(91,250)	(61,221)	30,029
Total	\$ (3,209,859)	\$ (298,468)	\$ (3,508,327)	\$ 1,001,693	\$ 4,510,020
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 2,303,847	
Maintenance Reserve				110,684	
Assigned to:					
Designated for Subsequent Year's Expenditures				2,350,000	
Year End Encumbrances				286,370	
Unassigned Fund Balance				3,563,041	
				8,613,942	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Final State Aid Payments Not Realized on GAAP Basis				(318,447)	
Fund balance per Government Funds (GAAP)				\$ 8,295,495	

**Princeton Public Schools
Special Revenue Fund**

**Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
State sources	\$ 815,597	\$ 336,610	\$ 1,152,207	\$ 1,062,971	\$ (89,236)
Federal sources	1,230,889	563,548	1,794,437	1,673,210	(121,227)
Local sources		81,359	81,359	41,850	(39,509)
Total revenues	<u>2,046,486</u>	<u>981,517</u>	<u>3,028,003</u>	<u>2,778,031</u>	<u>(249,972)</u>
Expenditures					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	265,782	61,885	327,667	295,533	32,134
Purchased professional services	54,921	95,710	150,631	123,856	26,775
Other purchased services	847,154	(2,945)	844,209	844,206	3
General supplies		114,296	114,296	95,559	18,737
Textbooks	117,619	16,896	134,515	124,154	10,361
Other objects	79,443	12,492	91,935	89,712	2,223
Total instruction	<u>1,364,919</u>	<u>298,334</u>	<u>1,663,253</u>	<u>1,573,020</u>	<u>90,233</u>
Support services:					
Salaries	84,307	49,822	134,129	90,168	43,961
Personal services—employee benefits		51,811	51,811	48,515	3,296
Purchased professional services	334,212	337,702	671,914	636,975	34,939
Other purchased professional services	48,114	(28,218)	19,896	10,323	9,573
Supplies and materials	35,032	15,349	50,381	21,211	29,170
Other objects	179,902	256,717	436,619	397,819	38,800
Total support services	<u>681,567</u>	<u>683,183</u>	<u>1,364,750</u>	<u>1,205,011</u>	<u>159,739</u>
Total expenditures	<u>2,046,486</u>	<u>981,517</u>	<u>3,028,003</u>	<u>2,778,031</u>	<u>249,972</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, 2019

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 101,676,371	\$ 2,778,031
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		175,869
Current year		(192,282)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	244,548	4,950
Current year	(318,447)	(4,950)
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 101,602,472</u>	<u>\$ 2,761,618</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 100,677,110	\$ 2,778,031
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		175,869
Current year		(192,282)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 100,677,110</u>	<u>\$ 2,761,618</u>

Supplementary Information

Special Revenue Fund

Princeton Public Schools
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2019

	Nonpublic Aid							Preschool Education	Title I	
	Textbooks	Nursing	Auxiliary	Handicapped	Transportation	Security	Technology	Aid	Current	Prior Year
Revenues:										
State sources	\$ 124,154	\$ 250,258	\$ 41,162	\$ 110,829	\$ 10,233	\$ 388,374	\$ 88,461	\$ 49,500		
Federal sources									\$ 227,765	\$ 35,913
Local sources										
Total revenues	\$ 124,154	\$ 250,258	\$ 41,162	\$ 110,829	\$ 10,233	\$ 388,374	\$ 88,461	\$ 49,500	\$ 227,765	\$ 35,913
Expenditures:										
Instruction:										
Salaries of teachers								\$ 49,500	\$ 167,340	\$ 26,729
Purchased services			\$ 41,162	\$ 60,971	\$ 10,233				4,790	2,700
Other purchased services									725	
General supplies									30,668	6,307
Textbooks	\$ 124,154									
Other objects							\$ 88,461			
Total instruction	124,154		41,162	60,971	10,233		88,461	49,500	203,523	35,736
Undistributed:										
Support services:										
Salaries									1,533	
Personal services—employee benefits									12,919	177
Purchased professional services		\$ 250,258		49,858					8,800	
Other purchased professional services									990	
Supplies and materials										
Other objects						\$ 388,374				
Total support services		250,258		49,858		388,374			24,242	177
Total expenditures	\$ 124,154	\$ 250,258	\$ 41,162	\$ 110,829	\$ 10,233	\$ 388,374	\$ 88,461	\$ 49,500	\$ 227,765	\$ 35,913

Princeton Public Schools
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2019

	Title II A		Title III		Title IV		I.D.E.A.		Confucious Classroom	PEF Grant	Sustain NJ	Other Local	Totals
	Current	Current	Immigrant	Current	Part B Basic	Preschool							
Revenues:													
State sources													\$ 1,062,971
Federal sources	\$ 78,506	\$ 34,105	\$ 24,044	\$ 14,802	\$ 1,197,240	\$ 60,835							1,673,210
Local sources							\$ 14,549	\$ 16,674	\$ 4,177	\$ 6,450			41,850
Total revenues	\$ 78,506	\$ 34,105	\$ 24,044	\$ 14,802	\$ 1,197,240	\$ 60,835	\$ 14,549	\$ 16,674	\$ 4,177	\$ 6,450			\$ 2,778,031
Expenditures:													
Instruction:													
Salaries of teachers		\$ 25,352	\$ 8,620		\$ 15,640					\$ 2,352			\$ 295,533
Purchased professional services			4,000										123,856
Other purchased services					843,481								844,206
General supplies		5,855	2,788	\$ 3,808	20,859	\$ 4,449	\$ 621	\$ 16,674			\$ 3,530		95,559
Textbooks													124,154
Other objects			1,251										89,712
Total instruction		31,207	16,659	3,808	879,980	4,449	621	16,674	2,352		3,530		1,573,020
Undistributed:													
Support services:													
Salaries	\$ 2,012	891			84,959								89,395
Personal services—employee benefits	154	2,007	659		30,492					180			46,588
Purchased professional services	60,018		1,688	8,158	201,809	56,386							636,975
Other purchased professional services	2,090		5,038	750			3,555			600			13,023
Supplies and materials	7,232			2,086			8,903			1,045	1,945		21,211
Other objects	7,000						1,470				975		397,819
Total support services	78,506	2,898	7,385	10,994	317,260	56,386	13,928			1,825	2,920		1,205,011
Total expenditures	\$ 78,506	\$ 34,105	\$ 24,044	\$ 14,802	\$ 1,197,240	\$ 60,835	\$ 14,549	\$ 16,674	\$ 4,177	\$ 6,450			\$ 2,778,031

Princeton Public Schools
Special Revenue Fund

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

Year ended June 30, 2019

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

Calculation of Budget and Carryover

Total revised 2018-19 Preschool Education aid allocation	\$ 49,500
Add: Actual Preschool Education Aid carryover (June 30, 2019)	-
Total funds available for 2018-19 budget	49,500
Less: 2018-19 budgeted Preschool Education aid (including prior year budgeted carryover)	49,500
Available and unbudgeted funds as of June 30, 2019	-
Add: 2018-19 unexpended Preschool Education aid	-
2018-19 carryover Preschool Education aid/ Preschool	\$ -
2018-19 Preschool Education aid carryover budgeted in 2019-20	\$ -

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, 2019

	Current Year
Revenues and other financing sources	
Bond Proceeds and Transfers	\$ 26,928,000
Interest	350,986
Premium on bond	123,657
Total revenues and other financing sources	27,402,643
Expenditures and other financing uses	
Purchased professional and technical services	1,280,458
Construction services	254,390
Equipment	
Cost of issuance	123,657
Transfer to debt service fund	743,913
Transfer to capital reserve	
Total expenditures and other financing uses	2,402,418
Excess of revenues over expenditures before special item	25,000,225
Special item - legal settlement	25,000
Change in fund balance	25,025,225
Fund Balance, July 1	622,496
Fund Balance, June 30	\$ 25,647,721

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

Year ended June 30, 2019

	<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	\$ 26,928,000		\$ 70,454,422	\$ 70,454,422
State sources - SDA	14,297,667			14,297,667	14,297,667
Contribution from private sources	500,000			500,000	500,000
Premium on bond		123,657		123,657	123,657
Transfer from capital reserve	1,579,836			1,579,836	1,579,836
Transfer from capital outlay	104,219			104,219	104,219
Total revenues and other financing sources	<u>60,008,144</u>	<u>27,051,657</u>		<u>87,059,801</u>	<u>87,059,801</u>
Expenditures and other financing uses					
Purchased professional and technical services	7,962,466	1,280,458		9,242,924	
Construction services	49,885,336	254,390	\$ (25,000)	50,114,726	
Equipment	477,858			477,858	
Cost of issuance		123,657		123,657	
Transfer to capital reserve					
Transfer to debt service fund	1,059,988	392,927		1,452,915	
Total expenditures and other financing uses	<u>59,385,648</u>	<u>2,051,432</u>	<u>(25,000)</u>	<u>61,412,080</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources	<u>\$ 622,496</u>	<u>\$ 25,000,225</u>	<u>\$ 25,000</u>	<u>\$ 25,647,721</u>	<u>\$ 87,059,801</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, 2019

	<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	\$ 32,546,422			\$ 32,546,422	\$ 32,546,422
State sources - SDA	14,297,667			14,297,667	14,297,667
Contribution from private sources	500,000			500,000	500,000
Transfer from capital reserve	1,579,836			1,579,836	1,579,836
Transfer from capital outlay	104,219			104,219	104,219
Total revenues and other financing sources	<u>49,028,144</u>			<u>49,028,144</u>	<u>49,028,144</u>
Expenditures and other financing uses					
Purchased professional and technical services	6,610,927			6,610,927	
Construction services	40,344,527		\$ (25,000)	40,319,527	
Equipment	477,858			477,858	
Transfer to capital reserve					
Transfer to debt service fund	1,059,988	\$ 305,275		1,365,263	
Total expenditures and other financing uses	<u>48,493,300</u>	<u>305,275</u>	<u>(25,000)</u>	<u>48,773,575</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 534,844</u>	<u>\$ (305,275)</u>	<u>\$ 25,000</u>	<u>\$ 254,569</u>	<u>\$ 49,028,144</u>
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, 2019

	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	9,540,809		9,540,809	
Equipment				
Transfer to capital reserve				
Transfer to debt service fund		\$ 87,652	87,652	
Total expenditures and other financing uses	<u>10,892,348</u>	<u>87,652</u>	<u>10,980,000</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 87,652</u>	<u>\$ (87,652)</u>	<u>\$ -</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	100.00%			
Original target completion date	Spring 2014			
Revised target completion date	Complete			

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

2019 Bond Referendum Capital Projects

Year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds and transfers		\$ 26,928,000	\$ 26,928,000	\$ 26,928,000
State sources - SDA				
Contribution from private sources				
Premium on bond		123,657	123,657	
Transfer from capital reserve				
Transfer from capital outlay				
	-	27,051,657	27,051,657	26,928,000
Expenditures and other financing uses				
Purchased professional and technical services		1,280,458	1,280,458	
Construction services		254,390	254,390	
Equipment				
Cost of issuance		123,657	123,657	
Transfer to capital reserve				
Transfer to debt service fund	-	1,658,505	1,658,505	
Total expenditures and other financing uses				
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 25,393,152	\$ 25,393,152	\$ 26,928,000
Additional project information				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		1/9/2019		
Bonds Authorized	\$	26,928,000		
Bonds Issued	\$	26,928,000		
Percentage increase over original authorized cost		0%		
Percentage completion		6.16%		
Target completion date		9/30/2021		
Revised target completion date				

Princeton Public Schools
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2019

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	\$ 48,493,300		\$ 305,275	\$ 25,000	\$ 254,569
Schools and Valley Road Project	10,980,000	10,892,348		87,652		
2019 Bond Referendum Capital Projects	26,928,000		\$ 1,658,505			25,269,495
	<u>\$ 86,936,144</u>	<u>\$ 59,385,648</u>	<u>\$ 1,658,505</u>	<u>\$ 392,927</u>	<u>\$ 25,000</u>	<u>\$25,524,064</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>
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Components of appropriations - 2018 Referendum Capital Projects - 2019 FY

Bond proceeds approved by referendum	<u>\$ 26,928,000</u>
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<u>\$ 86,936,144</u>

Fiduciary Funds

Princeton Public Schools
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2019

	<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	\$ 13,125	\$ 549,185	\$ 562,310	\$ 518,648	\$ 917,977	\$1,436,625
Total assets	<u>13,125</u>	<u>549,185</u>	<u>562,310</u>	<u>\$ 518,648</u>	<u>\$ 917,977</u>	<u>\$1,436,625</u>
Liabilities						
Accounts payable		714	714			
Payroll deductions and withholdings payable					\$ 561,960	\$ 561,960
Summer savings payable					356,017	356,017
Due to student groups				<u>\$ 518,648</u>		<u>518,648</u>
Total liabilities		<u>714</u>	<u>714</u>	<u>\$ 518,648</u>	<u>\$ 917,977</u>	<u>\$1,436,625</u>
Net Position						
Held in trust	13,125	548,471	561,596			
Total net position	<u>\$ 13,125</u>	<u>\$ 548,471</u>	<u>\$ 561,596</u>			

Princeton Public Schools
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2019

	Private- Purpose Scholarship Fund	Unemployment Compensation Fund	Total Trust
Additions:			
Local sources:			
Plan member contributions		\$ 80,540	\$ 80,540
Interest on investments	\$ 90	3,281	3,371
Total additions	90	83,821	83,911
Deductions:			
Unemployment benefit payments		54,653	54,653
Scholarship payments	1,628		1,628
Total deductions	1,628	54,653	56,281
Change in net position	(1,538)	29,168	27,630
Net position, beginning	14,663	519,303	533,966
Net position, ending	\$13,125	\$ 548,471	\$ 561,596

Princeton Public Schools
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2019

	Balance July 1, 2018		Cash Receipts		Cash Disbursements		Balance June 30, 2019
Middle school:							
John Witherspoon School	\$ 17,418	\$	58,596	\$	47,845	\$	28,169
High school:							
Princeton High School	391,567		896,550		797,638		490,479
Total all schools	<u>\$ 408,985</u>	<u>\$</u>	<u>955,146</u>	<u>\$</u>	<u>845,483</u>	<u>\$</u>	<u>518,648</u>

Princeton Public Schools
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Assets				
Cash and equivalents	\$ 879,169	\$ 87,966,613	\$ 87,927,805	\$ 917,977
Total assets	<u>\$ 879,169</u>	<u>\$ 87,966,613</u>	<u>\$ 87,927,805</u>	<u>\$ 917,977</u>
Liabilities				
Payroll deductions and withholdings payable	\$ 539,435	\$ 87,610,596	\$ 87,588,071	\$ 561,960
Summer savings payable	339,734	356,017	339,734	356,017
Total liabilities	<u>\$ 879,169</u>	<u>\$ 87,966,613</u>	<u>\$ 87,927,805</u>	<u>\$ 917,977</u>

Long-Term Debt

Princeton Public Schools
Long-Term Debt

Schedule of Serial Bonds Payable

Year Ended June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
			Date	Amount					
Various Improvements-Refunding Bonds	8/1/09	\$ 40,165,000				\$ 16,400,000		\$ 16,400,000	
School Bonds	1/29/13	10,980,000	2/1/2020	\$ 1,135,000	1.25%	5,830,000		1,110,000	\$ 4,720,000
			2/1/2021	1,165,000	1.50%				
			2/1/2022	1,195,000	1.75%				
			2/1/2023	1,225,000	2.00%				
Refunding Bonds	10/30/18	12,155,000	2/1/2020	3,835,000	5.00%				
			2/1/2021	1,030,000	3.00%				
			2/1/2021	3,000,000	5.00%		\$ 12,155,000		
			2/1/2022	4,205,000	5.00%			85,000	12,070,000
School Bonds	1/9/2019	26,928,000	7/15/2020	803,000	2.50%				
			7/15/2021	800,000	2.50%				
			7/15/2022	800,000	3.00%				
			7/15/2023	1,300,000	3.00%				
			7/15/2024	1,350,000	3.00%				
			7/15/2025	1,395,000	3.00%				
			7/15/2026	1,445,000	3.00%				
			7/15/2027	1,495,000	3.00%				
			7/15/2028	1,545,000	3.00%				
			7/15/2029	1,595,000	3.00%				
			7/15/2030	1,600,000	3.00%				
			7/15/2031	1,600,000	3.00%				
			7/15/2032	1,600,000	3.00%				
			7/15/2033	1,600,000	3.00%				
			7/15/2034	1,600,000	3.00%				
			7/15/2035	1,600,000	3.00%				
			7/15/2036	1,600,000	3.00%				
			7/15/2037	1,600,000	3.00%				
			7/15/2038	1,600,000	3.00%		26,928,000		26,928,000
						<u>\$ 22,230,000</u>	<u>\$ 39,083,000</u>	<u>\$ 17,595,000</u>	<u>\$ 43,718,000</u>

Princeton Public Schools
Debt Service Fund
Budgetary Comparison Schedule

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 5,168,761		\$ 5,168,761	\$ 5,168,761	
Miscellaneous				7,537	\$ 7,537
Total revenues	<u>5,168,761</u>		<u>5,168,761</u>	<u>5,176,298</u>	<u>7,537</u>
Expenditures:					
Principal on bonds	4,955,000	\$ 85,552	5,040,552	5,040,000	552
Interest on bonds	800,550	(85,552)	714,998	649,497	65,501
Costs of issuance				107,698	(107,698)
Total expenditures	<u>5,755,550</u>	<u>-</u>	<u>5,755,550</u>	<u>5,797,195</u>	<u>(41,645)</u>
Deficiency of revenues under expenditures	(586,789)		(586,789)	(620,897)	(34,108)
Other financing sources (uses):					
Transfers in	586,789		586,789	741,481	154,692
Refunding debt issuance				12,155,000	12,155,000
Premium on refunding bonds				724,015	724,015
Payment to refunded bond escrow agent				(12,771,318)	(12,771,318)
Total other financing sources (uses)	<u>586,789</u>		<u>586,789</u>	<u>849,178</u>	<u>262,389</u>
Net change in fund balance	-		-	228,281	228,281
Fund balance, July 1	134,683	-	134,683	134,683	-
Fund balance, June 30	<u>\$ 134,683</u>	<u>\$ -</u>	<u>\$ 134,683</u>	<u>\$ 362,964</u>	<u>\$ 228,281</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 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	\$ 62,887,801
Restricted	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	2,414,531
Unrestricted (deficit)	(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)	(28,961,168)
Total governmental activities net position	\$ 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	\$ 36,341,164
Business-type activities										
Investment in capital assets	\$ 273,830	\$ 237,599	\$ 240,395	\$ 269,498	\$ 248,729	\$ 212,054	\$ 171,210	\$ 150,303	\$ 159,217	\$ 164,861
Unrestricted	177,153	271,258	248,297	171,504	188,844	235,566	247,842	307,995	307,979	324,329
Total business-type activities net position	\$ 450,983	\$ 508,857	\$ 488,692	\$ 441,002	\$ 437,573	\$ 447,620	\$ 419,052	\$ 458,298	\$ 467,196	\$ 489,190
Government-wide										
Net investment in capital assets	\$ 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	\$ 63,052,662
Restricted	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	2,414,531
Unrestricted (deficit)	(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)	(28,636,839)
Total government-wide net position	\$ 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	\$ 36,830,354

Source: CAFR Schedule A-1 and District records.

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

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

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

Unaudited

	Year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction	\$ 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	\$ 68,332,193
Support Services:										
Attendance and social work	157,459	182,244	255,573	246,939	207,527	236,477	340,855	457,074	487,211	466,708
Health services	661,490	732,384	772,340	796,828	854,374	1,046,052	1,174,587	1,486,377	1,553,761	1,507,074
Other support services	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	12,811,403
Improvement of instruction	430,554	270,851	300,373	342,936	344,422	409,855	414,027	398,589	423,004	412,955
Other support instructional staff	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	2,356,743
School library	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	1,956,889
General administration	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	1,338,894
School administration	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	4,635,840
Central administration	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	2,172,176
Info Technology	144,939	125,769	129,332	133,677	137,343	157,028	169,930	191,128	1,322,921	1,050,273
Required maintenance of plant	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	2,111,589
Operation of plant	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	7,117,461
Student transportation	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	4,559,556
Charter schools	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	6,161,680
Interest on long-term debt	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	864,673
Total governmental activities expenses	<u>80,166,427</u>	<u>79,061,941</u>	<u>82,606,207</u>	<u>85,223,125</u>	<u>87,369,168</u>	<u>97,944,247</u>	<u>103,703,336</u>	<u>114,193,669</u>	<u>120,245,746</u>	<u>117,856,107</u>
Business-type activities:										
Food service	768,729	798,944	887,786	931,533	852,358	906,162	965,528	1,029,485	1,103,582	1,040,449
Total business-type activities expense	<u>768,729</u>	<u>798,944</u>	<u>887,786</u>	<u>931,533</u>	<u>852,358</u>	<u>906,162</u>	<u>965,528</u>	<u>1,029,485</u>	<u>1,103,582</u>	<u>1,040,449</u>
Total district expenses	<u>\$ 80,935,156</u>	<u>\$ 79,860,885</u>	<u>\$ 83,493,993</u>	<u>\$ 86,154,658</u>	<u>\$ 88,221,526</u>	<u>\$ 98,850,409</u>	<u>\$ 104,668,864</u>	<u>\$ 115,223,154</u>	<u>\$ 121,349,328</u>	<u>\$ 118,896,556</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition and transportation)	\$ 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	\$ 5,565,909
Other support services	172,300	187,332	202,716	187,508	182,323	170,062	194,682	170,061	168,768	170,000
Operating grants and contributions	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	2,761,618
Capital grants and contributions	101,871	3,786,624	814,839	446,483	422,286	392,479	21,749	458,968		
Total governmental activities program revenues	<u>\$ 8,127,879</u>	<u>\$ 11,882,489</u>	<u>\$ 8,050,990</u>	<u>\$ 7,406,406</u>	<u>\$ 7,767,095</u>	<u>\$ 7,757,024</u>	<u>\$ 7,808,907</u>	<u>\$ 8,216,043</u>	<u>\$ 7,824,507</u>	<u>\$ 8,497,527</u>

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

Unaudited

	Year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services										
Food service	\$ 654,714	\$ 636,671	\$ 609,672	\$ 640,290	\$ 577,235	\$ 618,599	\$ 635,162	\$ 754,998	\$ 787,213	\$ 738,705
Operating grants and contributions	123,984	218,814	256,874	242,110	270,288	296,420	300,296	312,002	323,289	321,573
Total business type activities program revenues	<u>778,698</u>	<u>855,485</u>	<u>866,546</u>	<u>882,400</u>	<u>847,523</u>	<u>915,019</u>	<u>935,458</u>	<u>1,067,000</u>	<u>1,110,502</u>	<u>1,060,278</u>
Total district program revenues	<u>\$ 12,661,187</u>	<u>\$ 8,622,580</u>	<u>\$ 866,546</u>	<u>\$ 882,400</u>	<u>\$ 847,523</u>	<u>\$ 915,019</u>	<u>\$ 935,458</u>	<u>\$ 1,067,000</u>	<u>\$ 1,110,502</u>	<u>\$ 1,060,278</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (109,358,580)
Business-type activities	9,969	56,541	(21,240)	(49,133)	(4,835)	8,857	(30,070)	37,515	6,920	19,829
Total government-wide net expense	<u>\$ (72,028,579)</u>	<u>\$ (67,122,911)</u>	<u>\$ (74,576,457)</u>	<u>\$ (77,865,852)</u>	<u>\$ (79,606,908)</u>	<u>\$ (90,178,366)</u>	<u>\$ (95,924,499)</u>	<u>\$ (105,940,111)</u>	<u>\$ (112,414,319)</u>	<u>\$ (109,338,751)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 76,246,634
Property taxes levied for debt service	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	5,168,761
Unrestricted grants and contributions	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	27,462,239
Investment earnings	81,803	70,475	44,400	94,570	98,717	86,592	87,684	83,404	83,202	423,997
Miscellaneous income	359,859	360,631	364,464	405,447	508,472	404,436	673,868	457,106	427,356	949,073
Special item					1,450,000					
Total governmental activities	<u>71,153,808</u>	<u>72,272,499</u>	<u>76,326,922</u>	<u>79,564,731</u>	<u>82,834,915</u>	<u>91,072,469</u>	<u>96,704,268</u>	<u>105,024,484</u>	<u>110,775,656</u>	<u>110,250,704</u>
Business-type activities:										
Interest earnings	923	1,333	1,075	1,443	1,406	1,190	1,502	1,731	1,978	2,165
Total business-type activities	<u>923</u>	<u>1,333</u>	<u>1,075</u>	<u>1,443</u>	<u>1,406</u>	<u>1,190</u>	<u>1,502</u>	<u>1,731</u>	<u>1,978</u>	<u>2,165</u>
Total government-wide	<u>\$ 71,154,731</u>	<u>\$ 72,273,832</u>	<u>\$ 76,327,997</u>	<u>\$ 79,566,174</u>	<u>\$ 82,836,321</u>	<u>\$ 91,073,659</u>	<u>\$ 96,705,770</u>	<u>\$ 105,026,215</u>	<u>\$ 110,777,634</u>	<u>\$ 110,252,869</u>
Change in Net Position										
Governmental activities	\$ (884,740)	\$ 5,093,047	\$ 1,771,705	\$ 1,748,012	\$ 3,232,842	\$ 885,246	\$ 809,839	\$ (953,142)	\$ (1,645,583)	\$ 892,124
Business-type activities	10,892	57,874	(20,165)	(47,690)	(3,429)	10,047	(28,568)	39,246	8,898	21,994
Total district	<u>\$ (873,848)</u>	<u>\$ 5,150,921</u>	<u>\$ 1,751,540</u>	<u>\$ 1,700,322</u>	<u>\$ 3,229,413</u>	<u>\$ 895,293</u>	<u>\$ 781,271</u>	<u>\$ (913,896)</u>	<u>\$ (1,636,685)</u>	<u>\$ 914,118</u>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 4,654,747									
Unreserved	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	\$ 2,414,531
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	2,636,370
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	3,244,594
Total general fund	<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>	<u>\$ 8,295,495</u>
All Other Governmental Funds										
Reserved	\$ 1,898,146									
Unreserved, reported in:										
Special revenue fund (deficit)	(3,780)									
Capital projects fund	169,635									
Debt service fund	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	\$ 25,647,721
Debt service		\$ 42,738	25,341	33,271	51,740	39,218	26,702		134,683	362,964
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)	(4,950)
Total all other governmental funds	<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>	<u>\$ 26,005,735</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 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	\$ 81,415,395
Tuition charges	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	5,565,909
Interest earnings	81,803	70,475	44,400	94,570	98,717	86,592	87,684	83,404	83,202	423,997
Miscellaneous	507,081	538,619	554,556	621,227	556,830	510,679	519,200	504,693	488,913	993,363
Hazardous routes	172,300	187,332	202,716	187,508	182,323	170,062	170,061	170,061	168,768	170,000
Transportation-other LEAs							24,621			
State sources	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	19,569,673
Federal sources	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	1,753,037
Total revenue	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	109,891,374
Expenditures										
Instruction										
Regular and special educ instruct.	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	41,757,056
Support Services:										
Attendance and social work	117,575	127,704	177,467	169,791	142,132	145,061	197,915	241,931	263,481	268,185
Health services	503,048	524,191	552,359	558,533	597,235	656,122	697,932	808,401	849,999	881,386
Other support services	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	8,141,755
Improvement of instruction	332,708	192,278	221,213	246,630	248,390	264,153	260,426	226,120	243,689	253,058
Other support: instructional staff	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	1,248,336
School library	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	945,703
General administration	796,259	817,958	878,921	970,444	975,957	852,728	785,218	925,642	942,831	939,515
School administration	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	2,595,530
Central services	973,292	981,059	994,459	1,120,455	1,100,916	1,052,953	1,103,190	1,177,230	1,303,813	1,351,836
Information technology	108,099	87,996	89,756	91,776	93,841	96,093	98,495	100,957	1,180,271	922,913
Required maintenance of plant	1,001,166	1,023,694	1,023,849	1,021,321	1,124,175	1,153,405	1,350,502	1,211,611	1,542,574	1,585,179
Operation of plant-custodial services	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	4,213,203
Care and upkeep of grounds	297,474	307,303	362,784	501,089	378,089	344,270	371,902	434,988	406,268	363,352
Security	168,108	86,866	101,040	122,138	181,892	178,927	190,611	155,794	206,457	367,641
Student transportation	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	3,698,554
Business and other support services and benefits	9,887,260	10,916,955	11,616,704	10,988,595	11,577,669	12,611,174	13,262,380	13,848,964	14,501,228	15,397,571
On-behalf contributions	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	12,106,510
Capital outlay	1,191,363	6,933,693	822,964	2,517,837	8,226,703	2,182,722	381,872	1,322,626	116,620	1,534,848
Charter school	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	6,161,680
Debt service:										
Principal	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	5,279,765
Cost of bond issuance	251,677		137,754							231,355
Interest and other charges	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	649,497
Total expenditures	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	110,894,428
Excess (Deficiency) of revenues over (under) expenditures	(2,332,470)	(1,729,501)	415,335	(988,407)	(7,651,472)	(1,925,191)	(114,007)	(444,940)	(1,821,405)	(1,003,054)
Other financing sources (uses)										
Capital leases (non-budgeted)	88,910									
Refunding bonds issued	40,165,000									12,155,000
Premium on bonds issued	2,573,629			81,330						847,672
Payment to refunding bond escrow agent	(42,486,952)									(12,771,318)
Bond proceeds				10,980,000						26,928,000
Transfers in	1,523,103	1,156,935	5,706	47,732	24,174	974,170	1,591,689	243,858	730,375	743,913
Transfers out	(1,523,103)	(1,156,935)	(5,706)	(47,732)	(24,174)	(974,170)	(1,591,689)	(243,858)	(730,375)	(743,913)
Total other financing sources (uses)	340,587	-	-	11,061,330	-	-	-	-	-	27,159,354
Special item					1,450,000			125,000	100,000	25,000
Net change in fund balances	\$ (1,991,883)	\$ (1,729,501)	\$ 415,335	\$ 10,072,923	\$ (6,201,472)	\$ (1,925,191)	\$ (114,007)	\$ (319,940)	\$ (1,721,405)	\$ 26,181,300
Debt service as a percentage of noncapital expenditures	5.6%	5.7%	5.4%	5.3%	6.3%	6.2%	6.3%	6.1%	5.7%	5.4%

Source: CAFR Schedule B-2

Notes:

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
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
2019	73,011	170,000		5,565,909	270,979	322,199	90,000	258,358	6,750,456

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)
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
2019	91,957,500	5,912,086,600	32,081,600	324,000	800,016,900	11,759,700	326,475,100	7,174,701,400	2,384,256,400	8,602,343	7,183,303,743	1.15	8,336,727,558

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 2010 through 2012 are average between previous rates for Borough & Township.

All information is combined history of Borough & Township from years 2010 through 2017.

Princeton Public Schools
Property Tax Rates - Direct and Overlapping Governments
Last Seven 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
2019	1.075	0.076	1.151	0.511	0.711	2.373

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
 Three Fiscal Years from 2010 - 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	
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	
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.

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

Municipality of Princeton

Taxpayer	Princeton 2019		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	\$ 390,650,800	5.47%	Princeton University	\$ 173,087,000	5.02%
Palmer Residences 1 LLC/PSN	101,272,700	1.42%	PSN Partners	59,236,600	1.72%
Avalon Properties, LLC	65,212,000	0.91%	Palmer Sq. Ltd. Properties	39,824,500	1.15%
Princeton (Edens) LLC	52,917,400	0.74%	Nassau Inn Ltd. Partnership	31,800,000	0.92%
Palmer Sq. Ltd. Partners	35,310,000	0.49%	Princeton Intl. Properties	15,653,600	0.45%
Jasna Polana Golf Club	31,500,000	0.44%	20 Nassau St. Proff. Bld LLC	13,495,400	0.39%
Institute For Advanced Study	29,652,700	0.41%	188-194, LLC	11,709,900	0.34%
Fountain Ridge (Copperwood)	28,170,100	0.39%	Benson & Henderson Enterpr.	9,421,800	0.27%
Nassau Inn Partnership	26,030,000	0.36%	Princeton Theological Seminary	9,330,200	0.27%
Princeton Theological Seminary	20,291,400	0.28%	90 Nassau LLC	7,481,200	0.22%
Total	\$ 781,007,100	10.93%		\$ 371,040,200	10.76%
Net Assessed Value	\$ 7,147,797,876			\$ 3,448,216,071	

Source: District CAFR and Municipal Tax Collector

Princeton Public Schools
Property Tax Levies and Collections
Last Seven 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%	-
2019	81,415,395	81,415,395	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 seven fiscal years are presented separately from the previous three fiscal years as a result of the merger of the municipalities in the 2013 fiscal year.

Princeton Public Schools
Property Tax Levies and Collections
Three Fiscal Years from 2010 - 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				
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				
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%
2019	43,718,000	43,718,000	31,177	0.07%	66,343	0.15%

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					
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	Restricted for	Net General	Actual	Per Capita
	Obligation Bonds	Debt Service	Bonded Debt Outstanding	Taxable Value of Property	
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
2019	43,718,000	362,964	43,355,036	0.52%	1,391

Borough and Township Information Noted Below

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Borough	Borough Per Capita ^b	Township	Township Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property		Percentage of Actual Taxable Value ^a of Property	
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, 2019
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	\$ 588,949,762	18.2151%	\$ 107,277,788
Other debt			
M.C.I.A.	13,648,347	100.00%	<u>13,648,347</u>
Subtotal overlapping debt			<u>120,926,135</u>
Princeton Public Schools: Direct Debt			<u>43,355,036</u>
Total direct and overlapping debt			<u><u>\$ 164,281,171</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 2019

Equalized valuation basis

2019	\$ 8,336,727,558
2018	8,201,774,339
2017	<u>7,901,500,303</u>
	<u>\$ 24,440,002,200</u>

Average equalized valuation of taxable property \$ 8,146,667,400

Debt limit (4 % of average equalization value)	\$ 325,866,696
Net bonded school debt	<u>43,355,036</u>
Legal debt margin	<u>\$ 282,511,660</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 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	\$ 325,866,696
Total net debt applicable to limit	<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>	<u>43,355,036</u>
Legal debt margin	<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>	<u>\$ 282,511,660</u>
Total net debt applicable to the limit as a percentage of debt limit	15.32%	14.04%	13.27%	12.70%	13.99%	11.47%	12.37%	10.56%	8.77%	6.96%	13.30%

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
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	2,111,166,946	66,343	2.6%
2018	31,386	N/A	N/A	2.2%
2019	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	2019			2010		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Trustees of Princeton University	6,950	1	74.13%	5,245		49.99%
Princeton Public Schools	800	2	8.53%	699		6.66%
Princeton House Behavioral	350	3	3.73%	N/A		
Princeton Theological Seminary	295	4	3.15%	280		2.67%
Princeton Day School	267	5	2.85%	N/A		
Insitute for Advanced Study	245	6	2.61%	N/A		
Hun School	214	7	2.28%	N/A		
Princeton Township	145	8	1.55%	N/A		
YMCA	110	9	1.17%	N/A		
University Medical Center at Princeton				2,485		23.68%
Church & Dwight Co.				598		5.70%
Princeton Plasma Physics Lab				485		4.62%
Princeton Packet				200		1.91%
Westminster Choir College - Rider				200		1.91%
Westminster Conservatory				160		1.52%
Princeton Township				140		1.33%
	<u>9,376</u>		<u>100.00%</u>	<u>10,492</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>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>	<u>2019</u>
Instruction										
Regular	323	270	281	282	277	287	290	294	293	287
Special education	41	45	43	49	51	52	54	54	56	60
Other special education	52	70	54	53	50	52	52	50	52	121
Other instruction	56	56	74	89	74	81	81	97	99	40
Support Services:										
Student & instruction related services	28	43	42	48	51	53	56	69	72	75
General administrative services	5	5	5	5	5	5	5	5	5	5
School administrative services	40	44	44	48	55	50	49	49	51	50
Business administrative services	13	12	13	13	12	12	12	12	12	11
Plant operations and maintenance	60	60	60	60	62	68	72	70	76	75
Pupil transportation	25	25	26	25	25	25	22	32	42	46
Total	<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>	<u>770</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,	<u>Pupil/Teacher Ratio</u>						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
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%
2019	3,773	100,677,110	26,684	3.88%	332	1:10	1:10	1:11	3,741	3,479	-0.27%	94.43%

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

Note: 'Enrollment' based June 30, 2019 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Elementary</u>										
Community Park School (1962)										
Square Feet	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097	59,097
Capacity (students)	446	446	446	446	446	446	446	446	446	446
Enrollment	334	318	301	284	302	324	320	371	380	375
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	381	375	357	351	350	376	346	388	389	374
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	305	347	339	342	342	356	333	337	371	380
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	298	278	254	265	281	271	261	283	298	317
<u>Middle School</u>										
John Witherspoon (1965)										
Square Feet	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531	148,531
Capacity (students)	860	860	860	860	860	860	860	860	860	860
Enrollment	642	659	715	742	691	713	723	788	788	752
<u>High School</u>										
Princeton High School (1927)										
Square Feet	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020	293,020
Capacity (students)	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Enrollment	1,380	1,404	1,412	1,430	1,456	1,523	1,570	1,584	1,601	1,575
<u>Other</u>										
Administration Building (Occupied space)										
Square Feet	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850	30,850

Number of Schools at June 30, 2019:

- 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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
High School	\$ 626,349	\$ 396,099	\$ 374,250	\$ 455,054	\$ 340,318	\$ 312,476	\$ 385,851	\$ 461,625	\$ 412,842	\$ 267,989
John Witherspoon Middle	370,262	502,436	265,878	276,127	248,577	264,244	195,511	100,764	150,553	153,075
Community Park Elementary	139,052	123,467	135,525	136,973	127,857	132,429	119,870	145,063	147,188	134,807
Johnson Park Elementary	91,122	181,817	141,076	148,948	141,025	196,006	117,786	113,389	113,400	148,569
Littlebrook Elementary	175,456	141,697	143,672	139,448	156,703	111,547	113,770	104,308	100,938	138,221
Riverside Elementary	164,845	168,027	149,084	141,106	138,925	107,473	88,533	98,700	98,773	158,505
Grand Total	<u>\$ 1,567,086</u>	<u>\$ 1,513,543</u>	<u>\$ 1,209,485</u>	<u>\$ 1,297,656</u>	<u>\$ 1,153,405</u>	<u>\$ 1,124,175</u>	<u>\$ 1,021,321</u>	<u>\$ 1,023,849</u>	<u>\$ 1,023,694</u>	<u>\$ 1,001,166</u>

Source: District records of required maintenance.

Princeton Public Schools
Insurance Schedule
Year ended June 30, 2019
Unaudited

Type of Coverage	Coverage	Deductible
Burlington County Insurance Pool Joint Insurance Fund BCIPJIF		
Section I - Property:		
Blanket building and contents	\$ 220,160,913	\$ 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	220,160,913	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	10,000
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, 2019
Unaudited

Type of Coverage	Coverage	Deductible
Automobile:		
Physical Damage	Comprehensive Collision	\$ 1,000 1,000
Environmental Pollution Legal Liability:		
Aggregate limit of liability	\$ 1,000,000	50,000
Cyber Liability		
Limits of Liability	1,000,000	Various
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, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 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

December 4, 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, 2019. 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, 2019.

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

December 4, 2019
Livingston, New Jersey

Princeton Public Schools
Schedule of Expenditures of Federal Awards
Year ended June 30, 2019

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, 2018	Carryover/Walkover Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2019		
					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	1905NJ5MAP	N/A	\$ 6,420	7/1/2018	6/30/2019			\$ 6,420	\$ (6,420)					
Total U.S. Department of Health and Human Services - Passed - Through State Department of Education									6,420	(6,420)					
Total General Fund									6,420	(6,420)					
U.S. Department of Education-Passed-Through State Department of Education															
Special Revenue Fund:															
Title I, Part A	84.010A	S010A180030	N/A	263,758	7/1/2018	6/30/2019			258,305	(263,678)		\$ (5,373)			
Title I, Part A	84.010A	S010A170030	N/A	284,778	7/1/2017	6/30/2018	\$ (4,809)		4,809						
Title II A	84.367A	S367A180029	N/A	60,347	7/1/2018	6/30/2019			72,470	(78,506)			(6,036)		
Title II A	84.367A	S367A170029	N/A	83,834	7/1/2017	6/30/2018	(12,312)		12,312						
Language Instruction for English Learners and Immigrant Students:															
Title III	84.365A	S365A180030	N/A	36,929	7/1/2018	6/30/2019			32,165	(34,105)			(1,940)		
Title III, Supplemental Immigrant Student Aid	84.365A	S365A180030	N/A	35,972	7/1/2018	6/30/2019			21,258	(24,044)			(2,786)		
Title III	84.365A	S365A170030	N/A	45,774	7/1/2017	6/30/2018	(467)		467						
Title III, Supplemental Immigrant Student Aid	84.365A	S365A170030	N/A	39,624	7/1/2017	6/30/2018	(2,346)		2,346						
Subtotal Language Instruction for English Learners and Immigrant Students							(2,813)		56,236	(58,149)			(4,726)		
Title IV	84.424	S424A180031	N/A	23,976	7/1/2018	6/30/2019			12,674	(14,802)			(2,128)		
Title IV	84.424	S424A170031	N/A	10,000	7/1/2017	6/30/2018	(1,300)		1,300						
Special Education Grant Cluster:															
I.D.E.I.A. Part B, Regular	84.027	H027A180100	N/A	1,097,220	7/1/2018	6/30/2019			981,547	(1,197,240)			(215,693)		
I.D.E.I.A. Part B, Regular	84.027	H027A170100	N/A	1,411,264	7/1/2017	6/30/2018	(204,319)		204,319						
I.D.E.I.A. Part B, Preschool	84.173	H173A180114	N/A	31,333	7/1/2018	6/30/2019			55,149	(60,835)			(5,686)		
Subtotal of Special Education Grant Cluster							(204,319)		1,241,015	(1,258,075)			(221,379)		
Total Special Revenue Fund							(225,553)		1,659,121	(1,673,210)			(239,642)		
U.S. Department of Agriculture-Passed-Through State Department of Agriculture															
Enterprise Fund:															
Child Nutrition Cluster:															
Food Donation Program (NC)	10.555	191NJ304N1099	N/A	64,930	7/1/2018	6/30/2019			64,930	(62,239)			\$ 2,691		
Food Donation Program (NC)	10.555	181NJ304N1099	N/A	61,842	7/1/2017	6/30/2018	1,272			(1,272)					
School Breakfast Program	10.553	191NJ304N1099	N/A	34,449	7/1/2018	6/30/2019			31,644	(34,449)			(2,805)		
School Breakfast Program	10.553	181NJ304N1099	N/A	35,396	7/1/2017	6/30/2018	(3,341)		3,341						
National School Lunch Program	10.555	191NJ304N1099	N/A	215,364	7/1/2018	6/30/2019			198,594	(215,364)			(16,770)		
National School Lunch Program	10.555	181NJ304N1099	N/A	216,962	7/1/2017	6/30/2018	(18,775)		18,775						
Subtotal Child Nutrition Cluster							(20,844)		317,284	(313,324)			(19,575)	2,691	
Total Enterprise Fund and Total U.S. Department of Agriculture-Passed-Through State Department of Agriculture							(20,844)		317,284	(313,324)			(19,575)	2,691	
Total expenditures of Federal Awards							\$ (246,397)	\$ -	\$ 1,982,825	\$ (1,992,954)	\$ -	\$ -	\$ (259,217)	\$ 2,691	\$ -
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, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018		Carryover/ Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances		Balance at June 30, 2019			Memo	
			From	To	Unearned Rev. (Accts Rec)	Due to Grantor				Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
State Department of Education																
General Fund:																
Transportation Aid	19-495-034-5120-014	\$ 869,413	7/1/2018	6/30/2019				\$ 800,597	\$ (869,413)						\$ (68,816)	\$ (869,413)
Transportation Aid	18-495-034-5120-014	845,567	7/1/2017	6/30/2018	\$ (58,284)			58,284								
Special Education Categorical Aid	19-495-034-5120-089	2,674,637	7/1/2018	6/30/2019				2,462,933	(2,674,637)						(211,704)	(2,674,637)
Special Education Categorical Aid	18-495-034-5120-089	2,189,906	7/1/2017	6/30/2018	(150,947)			150,947								
Security Aid	19-495-034-5120-084	371,547	7/1/2018	6/30/2019				342,138	(371,547)						(29,409)	(371,547)
Security Aid	18-495-034-5120-084	300,916	7/1/2017	6/30/2018	(20,742)			20,742								
Adjustment Aid	19-495-034-5120-085	107,606	7/1/2018	6/30/2019				99,088	(107,606)						(8,518)	(107,606)
Adjustment Aid	18-495-034-5120-085	107,606	7/1/2017	6/30/2018	(7,417)			7,417								
Extraordinary Aid	19-100-034-5120-473	2,478,553	7/1/2018	6/30/2019					(2,478,553)			\$ (2,478,553)				(2,478,553)
Extraordinary Aid	18-100-034-5120-473	1,369,345	7/1/2017	6/30/2018	(1,369,345)			1,369,345								
Additional NP Transportation Aid	19-495-034-5120-014	64,595	7/1/2018	6/30/2019					(64,595)				(64,595)			(64,595)
Additional NP Transportation Aid	18-495-034-5120-014	64,840	7/1/2017	6/30/2018	(64,840)			64,840								
PARCC Readiness Aid	18-495-034-5120-098	34,020	7/1/2017	6/30/2018	(2,345)			2,345								
Per Pupil Growth Aid	18-495-034-5120-097	34,020	7/1/2017	6/30/2018	(2,345)			2,345								
Professional Learning	18-495-034-5120-101	35,810	7/1/2017	6/30/2018	(2,468)			2,468								
On-Behalf Teachers' Pension and Annuity Fund	19-495-034-5094-002	6,507,927	7/1/2018	6/30/2019				6,507,927	(6,507,927)							(6,507,927)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	19-495-034-5095-001	2,951,985	7/1/2018	6/30/2019				2,951,985	(2,951,985)							(2,951,985)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	19-495-034-5094-004	5,244	7/1/2018	6/30/2019				5,244	(5,244)							(5,244)
Reimbursed TPAF - Social Security	19-495-034-5094-003	2,641,354	7/1/2018	6/30/2019				2,509,473	(2,641,354)				(131,881)			(2,641,354)
Reimbursed TPAF - Social Security	18-495-034-5094-003	2,566,087	7/1/2017	6/30/2018	(126,521)			126,521								
Total General Fund					(1,805,254)			17,484,639	(18,672,861)			(2,675,029)		(318,447)		(18,672,861)
Special Revenue Fund:																
Preschool Education Aid	495-034-5120-086	49,500	7/1/2018	6/30/2019				44,550	(49,500)						(4,950)	(49,500)
Preschool Education Aid	495-034-5120-086	49,500	7/1/2017	6/30/2018	(4,950)			4,950								
New Jersey Non-Public Aid:																
Non Public Nursing Services	100-034-5120-070	267,720	7/1/2018	6/30/2019				267,720	(250,258)			\$ 17,462				(250,258)
Non Public Nursing Services	100-034-5120-070	273,734	7/1/2017	6/30/2018		\$ 23,874				\$ (23,874)						
Non Public Security Aid	100-034-5120-509	414,000	7/1/2018	6/30/2019				414,000	(388,374)					25,626		(388,374)
Non Public Security Aid	100-034-5120-509	211,650	7/1/2017	6/30/2018		16,389										
Non Public Technology Initiative	100-034-5120-373	90,684	7/1/2018	6/30/2019				90,684	(88,461)					2,223		(88,461)
Non Public Technology Initiative	100-034-5120-373	96,462	7/1/2017	6/30/2018		2,105										
Non Public Textbook Aid	100-034-5120-064	134,515	7/1/2018	6/30/2019				134,515	(124,154)					10,361		(124,154)
Non Public Textbook Aid	100-034-5120-064	138,375	7/1/2017	6/30/2018		10,877										
Non Public Auxiliary Services (Ch. 192):																
English as a Second Language	100-034-5120-067	23,294	7/1/2018	6/30/2019				23,294	(6,902)					16,392		(6,902)
English as a Second Language	100-034-5120-067	19,874	7/1/2017	6/30/2018			8,130			(8,130)						
Home Instruction	100-034-5120-067	1,181	7/1/2018	6/30/2019					(1,181)				(1,181)			(1,181)
Home Instruction	100-034-5120-067	870	7/1/2017	6/30/2018	(3,426)			3,426								
Compensatory Education	100-034-5120-067	33,079	7/1/2018	6/30/2019				33,079	(33,079)							(33,079)
Compensatory Education	100-034-5120-067	32,776	7/1/2017	6/30/2018		6,201							(6,201)			
Non Public Transportation Aid	100-034-5120-067	10,233	7/1/2018	6/30/2019				10,233	(10,233)							(10,233)
Non Public Handicapped Services (Ch. 193):																
Supplemental Instruction	100-034-5120-066	23,472	7/1/2018	6/30/2019				23,472	(23,472)							(23,472)
Examination and Classification	100-034-5120-066	57,499	7/1/2018	6/30/2019				57,499	(49,858)					7,641		(49,858)
Examination and Classification	100-034-5120-066	52,414	7/1/2017	6/30/2018		4,371				(4,371)						
Corrective Speech	100-034-5120-066	48,211	7/1/2018	6/30/2019				48,211	(37,499)					10,712		(37,499)
Corrective Speech	100-034-5120-066	46,426	7/1/2017	6/30/2018		6,250				(6,250)						
Total Special Revenue Fund					(8,376)	78,197		1,155,633	(1,062,971)	(78,197)		(1,181)	90,417	(4,950)		(1,062,971)
State Department of Agriculture																
Enterprise Fund:																
State School Lunch Program (State share)	18-100-010-3350-023	8,249	7/1/2018	6/30/2019				7,615	(8,249)				(634)			(8,249)
State School Lunch Program (State share)	17-100-010-3350-023	8,381	7/1/2017	6/30/2018		(718)		718								
Total Enterprise Fund						(718)		8,333	(8,249)				(634)			(8,249)
Total State Financial Assistance					\$ (1,814,348)	\$ 78,197	\$ -	\$ 18,648,605	\$ (19,744,081)	\$ (78,197)	\$ -	\$ -	\$ (2,676,844)	\$ 90,417	\$ (323,397)	\$ (19,744,081)
State Financial Assistance Not Subject to Single Audit Determination:																
On-Behalf Teachers' Pension and Annuity Fund	19-495-034-5094-002	6,507,927	7/1/2018	6/30/2019				\$ 6,507,927	(6,507,927)							\$ (6,507,927)
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	19-495-034-5095-001	2,951,985	7/1/2018	6/30/2019				2,951,985	(2,951,985)							(2,951,985)
On-Behalf Teachers' Pension and Annuity Fund - Non-contributory Insurance	19-495-034-5094-004	5,244	7/1/2018	6/30/2019				5,244	(5,244)							(5,244)
Total State Financial Assistance Subject to Single Audit Determination					\$ (1,814,348)	\$ 78,197	\$ -	\$ 9,183,449	\$ (10,278,925)	\$ (78,197)	\$ -	\$ -	\$ (2,676,844)	\$ 90,417	\$ (323,397)	\$ (10,278,925)

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, 2019

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, 2019

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 \$73,899 for the general fund and \$16,413 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 \$46,334 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	\$ 6,420	\$ 18,598,692	\$ 18,605,112
Special Revenue Fund	1,746,617	970,711	2,717,328
Food Service Enterprise Fund	313,324	8,249	321,573
Total financial award revenues	<u>\$2,066,361</u>	<u>\$ 19,577,652</u>	<u>\$ 21,644,013</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, 2019

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, 2019.

The post retirement pension, disability insurance and medical benefits received on-behalf of the District for the year ended June 30, 2019 amounted to \$9,465,156. 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 elected not to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

Part I - Summary of Auditors' Results (continued)

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

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

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

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

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

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027, 84.173	H027A180100/H173A180114	IDEA Part B, Basic and Preschool (Special Education Cluster)

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

Auditee qualified as low-risk auditee? X Yes No

Princeton Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

Part I - Summary of Auditors' Results (continued)

State Financial Assistance

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
19-495-034-5094-003	Reimbursed TPAF Social Security Contributions

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, 2019

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, 2019

**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, 2019

No prior year findings were noted.