

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 18, 2019

New Issue

Rating: S&P: "AAA"
See "RATING" herein

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Board (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

THE BOARD OF EDUCATION OF THE
WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT, NEW JERSEY
\$79,875,000 SCHOOL BONDS
(Book-Entry-Only) (Callable)

Dated: Date of Delivery

Due: August 1, as shown below

The \$79,875,000 School Bonds (the "Bonds") of The Board of Education of the West Windsor-Plainsboro Regional School District, New Jersey (the "Board" when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, or earlier redemption, commencing on August 1, 2020. Principal of and interest on the Bonds will be paid to DTC by the Board or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). The Bonds shall be subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS - Redemption" herein.

The Bonds are valid and legally binding obligations of the Board and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS*

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2021	\$2,600,000	%	%		2031	\$4,550,000	%	%	
2022	2,825,000				2032	4,600,000			
2023	3,100,000				2033	4,650,000			
2024	3,250,000				2034	4,700,000			
2025	3,750,000				2035	4,750,000			
2026	3,850,000				2036	4,900,000			
2027	4,000,000				2037	4,950,000			
2028	4,250,000				2038	5,150,000			
2029	4,350,000				2039	5,200,000			
2030	4,450,000								

The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York on or about October 9, 2019.

ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M. ON SEPTEMBER 25, 2019. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This is a Preliminary Official Statement, complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Board has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Board will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchaser's confirmations that request payment for the Bonds.

**THE BOARD OF EDUCATION OF THE
WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT, NEW JERSEY**

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Livingston, New Jersey

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Moorestown, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Board and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Board. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety.

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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**OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE
WEST WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT, NEW JERSEY**

**\$79,875,000
SCHOOL BONDS
(BOOK-ENTRY-ONLY) (CALLABLE)**

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by The Board of Education of the West Windsor-Plainsboro Regional School District, New Jersey (the “Board” when referring to the governing body and legal entity and the “School District” when referring to the territorial boundaries governed by the Board) in connection with the sale and issuance of its \$79,875,000 School Bonds (the “Bonds”). This Official Statement has been executed by and on behalf of the Board by the Assistant Superintendent for Finance/Board Secretary, and its distribution and use in connection with the sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated the date of delivery and shall mature on August 1 in each of the years and in the amounts set forth on the front cover page hereof. The Bonds shall bear interest from the date of delivery, which interest shall be payable semi-annually on the first day of February and August, commencing on August 1, 2020 (each an “Interest Payment Date”), in each of the years and at the interest rates set forth on the front cover page hereof until maturity, or earlier redemption, by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each January 15 and July 15 immediately preceding the respective Interest Payment Dates (the “Record Dates”). Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. So long as The Depository Trust Company, New York, New York (“DTC”) or its nominee Cede & Co. (or any successor or assign) is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds. *See* “BOOK-ENTRY-ONLY SYSTEM” herein.

The Bonds will be issued in fully registered book-entry-only form, without certificates. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof, through book entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See “BOOK-ENTRY-ONLY SYSTEM” herein.

Redemption

The Bonds maturing prior to August 1, 2027 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2027 shall be subject to redemption at the option of the Board, in whole or in part, on any date on or after August 1, 2026 at a price of 100% of the Bonds to be redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed bond registrar. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, such notice of redemption shall be sent directly to such depository and not to the beneficial owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable property within the School District without limitation as to rate or amount except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws on equitable principles effecting the enforcement of creditors’ rights generally.

New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17 et seq.)

All school bonds are secured by the School Bond Reserve (the “School Bond Reserve”) established in the Fund for the Support of Free Public Schools of the State of New Jersey (the “Fund”) in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the “Act”)). Amendments to the Act provide that the Fund will be divided into two (2) School Bond Reserve accounts. All bonds issued

prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to 1-1/2% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued prior to July 1, 2003 (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account equal to 1% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued on or after July 1, 2003 (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State of New Jersey (the "State") agrees that the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

AUTHORIZATION AND PURPOSE

The School District is issuing the Bonds pursuant to: (i) Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented; (ii) a resolution duly adopted by the Board on August 27, 2019 (the "Resolution"); and (iii) a proposal adopted by the Board on August 21, 2018 and approved by a majority of the legal voters present and voting at the School District election held on November 6, 2018.

The Bonds are being issued to provide funds to: (i) undertake renovations, alterations and improvements and to construct an addition at High School North, High School South, Community Middle School, Grover Middle School and Wicoff Elementary School, including all fixtures, furnishings, equipment, site work and related work; and (ii) undertake renovations, alterations and improvements at Dutch Neck Elementary School, Maurice Hawk Elementary School, Millstone River Elementary School,

Town Center Elementary School and Village Elementary School, including all fixtures, furnishings, equipment, site work and related work (collectively, the “Project”). The Board is authorized to expend an amount not to exceed \$114,875,000 for the Project (of which \$64,425,210 represents eligible costs (the “Final Eligible Costs”), as determined by the Commissioner of Education), for which the State has agreed to pay approximately 40.0% of the debt service on the portion of the Bonds (including both principal and interest) issued to finance the Final Eligible Costs of the Project. The remaining payments of the Bonds issued to finance the portion of the Project not eligible for State support will not receive debt service aid.

BOOK-ENTRY-ONLY SYSTEM¹

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings, acting through Standard & Poor’s Financial Services LLC, rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the

¹ Source: The Depository Trust Company

transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

THE BOARD WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board/paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Board/paying agent together with the duly executed assignment in form satisfactory to the Board/paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board/paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, whether or not a business day, next preceding an Interest Payment Date.

THE SCHOOL DISTRICT AND THE BOARD

The School District is a Type II regional school district that is coterminous with the borders of the Township of West Windsor, in the County of Mercer, and the Township of Plainsboro, in the County of Middlesex (collectively, the "Constituent Municipalities"). The School District provides a full range of educational services appropriate to students in pre-kindergarten (Pre-K) through grade twelve (12).

The Board is comprised of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The Superintendent of the School District is the chief administrative officer of the School District and is responsible for the administrative control of the School District. The Assistant Superintendent for Finance/Board Secretary oversees the business functions and reports through the Superintendent to the Board. *See* "APPENDIX A – Certain Economic and Demographic Information About the School District and the Constituent Municipalities."

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the “Department”), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey Board of Education (the “State Board”). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts.

The Commissioner of Education (the “Commissioner”) is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor’s term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner’s consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the “County Superintendent”) is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner and with the advice and consent of the State Senate. The County Superintendent reports to the Commissioner or a person designated by the Commissioner. The County Superintendent is responsible for the supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63 approved April 3, 2007 (A4), the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate school districts through the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally categorized in the following categories:

(1) Type I, in which the mayor or chief executive officer (“CEO”) of a municipality appoints the members of a board of education and a board of school estimate, which board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, approves fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters may also vote upon fiscal matters, or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and may vote upon fiscal matters. Regional school districts may be “All Purpose Regional School Districts” or “Limited Purpose Regional School Districts”;

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I school district, or the board of education in a Type II school district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district.

Under the Uniform Services and Consolidation Act, the Executive County Superintendent is required to eliminate non-operating school districts and to recommend consolidation to eliminate school districts through the establishment or enlargement of regional school districts, subject to voter approval.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year’s operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval unless the board has moved its annual election to November as discussed below. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing body of the constituent municipalities must develop the school budget by May 19 of each year. Should the governing body be unable to do so, the Commissioner establishes the local school budget.

The Budget Election Law (P.L. 2011, c.202, effective January 17, 2012) established procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative

vote of a majority of the voters whenever a petition, signed by at least 15% of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four (4) years.

School districts that opt to move the annual school election to November are no longer required to submit the budget to the voters for approval if the budget is at or below the 2% property tax levy cap as provided for by the 2% Tax Levy Cap Law. For school districts that opt to change the annual school election date to November, proposals to spend above the 2% property tax levy cap would be presented to voters at the annual school election in November.

The Board conducts its annual elections in November.

Spending Growth Limitation

CEIFA (as hereinafter defined) places limits on the amount school districts can increase their annual current expenses and capital outlay budgets, and such limits are known as a school district's spending growth limitation amount (the "Spending Growth Limitation"). See "SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT" herein.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts that are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed) first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitation was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (“QEA”) (now repealed) also limited the annual increase in the school district’s current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by Chapter 62 of the Laws of New Jersey of 1991, and further amended by Chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (“CEIFA”) (as amended by P.L. 2004, c.73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district’s net budget by a spending growth limitation. CEIFA limited the amount school districts could increase their annual current expenses and capital outlay budgets, defined as a school district’s “Spending Growth Limitation”. Generally, budgets could increase by either a set percent or the consumer price index, whichever was greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of 60% at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by 4% over the prior budget year’s tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expenses and capital outlay budgets, created by CEIFA (as amended by P.L. 2004, c.73, effective July 1, 2004). However, Chapter 62 was in effect only through fiscal year 2012. Without an extension of Chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the 4% cap on the tax levy increase imposed by Chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, approved July 13, 2010 and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of 2% over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election (the “Tax Levy Cap Law”). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy CAP by a separate proposal to bank the unused tax levy for use in any of the next three (3) succeeding budget years. A school district can request a use of “banked CAP” only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under Chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, approved, July 24, 2018, which increases State school aid to underfunded school districts and decreases state school aid to over funded school districts, during the 2018-2019 through 2024-2025 fiscal years, SDA Districts, which are certain urban school districts formerly referred to as Abbott Districts referred to herein under “SUMMARY OF STATE AID TO SCHOOL DISTRICTS”, are permitted

increases in the tax levy over the 2% limit to raise a general fund tax levy to an amount that does not exceed its local share of the adequacy budget.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one year must be treated as operating expenses. Accordingly, under the Department of Education's Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its 2% tax levy cap on spending.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years; (ii) bonds shall be issued pursuant to an ordinance adopted by the governing body of the municipality comprised within the school district for a Type I school district; (iii) for Type II school districts (without boards of school estimate) bonds shall be issued by board of education resolution approving the bond proposal and by approval of the legally qualified voters of the school district; (iv) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district); and (v) there must be filed with the State by each municipality comprising a school district a supplemental debt statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

When a school district changes from a type I to a type II school district and obligations have been authorized and remain unissued by the municipality pursuant to ordinances adopted by the municipality to authorize and issue school debt, the new type II district assumes the obligation of any outstanding notes issued for such purposes and is authorized to issue notes or bonds without further voter approval to fund such purposes or pay off or permanently finance the notes pursuant to N.J.S.A. 18A:24-63. The Board does not assume the obligation of outstanding school bonds issued by the municipality, but the debt would count towards the school district borrowing margin.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. Beginning with the fiscal year ended June 30, 2010, a licensed public school accountant must complete the annual audit no later than five (5) months after the end of the fiscal year. P.L. 2010, c. 49 amended N.J.S.A. 18A:23-1 to provide an additional month for the completion of a school district's audit. Previously the audit was required to be completed within four (4) months. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third and fourth anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the

bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations.

Refunding Bonds

Notwithstanding limitations regarding the issuance of debt, including debt limits and voter referendums, school districts may authorize and issue refunding bonds for the purpose of paying any refunded bonds, together with the costs of issuing the refunding bonds.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a pre-kindergarten (Pre-K) through grade twelve (12) school district, the Board can borrow up to 4% of the average equalized valuation of taxable property in the School District. The Board has not exceeded its 4% debt limit. See “APPENDIX A – Debt Limit of the Board.”

Exceptions to Debt Limitation

A Type II school district (other than a regional school district) may also utilize its constituent municipality’s remaining statutory borrowing power (i.e., the excess of 3.5% of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality’s net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board (as hereinafter defined).

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase financings must mature within five (5) years except for certain lease purchase financings of energy savings equipment and other energy conservation measures, which may mature within fifteen (15) years and in certain cases twenty (20) years from the date the project is placed in service, if paid from energy savings (see “Energy Savings Obligations” below). Facilities lease purchase agreements, which may only be financed for a term of five (5) years or less, must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72, effective July 18, 2000, as amended (“EFCFA”) repealed the authorization to enter into facilities leases for a term in excess of five (5) years. The payment of rent is treated as a current expense and within the school district’s Spending Growth Limitation and tax levy cap, and the payment of rent on an ordinary equipment lease and on a five (5) year and under facilities lease is subject to annual appropriation. Lease purchase payments on leases in excess of five (5) years entered into under prior law (CEIFA) are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district’s Spending Growth Limitation and tax levy cap.

Energy Saving Obligations

Under N.J.S.A. 18A:18A-4.6 (P.L. 2009, c. 4, effective March 23, 2009, as amended by P.L. 2012, c. 55, effective September 19, 2013), the Energy Savings Improvement Program Law or the “ESIP Law,” school districts may issue energy savings obligations as refunding bonds without voter approval or lease purchase agreements to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements, provided that the value of the savings will cover the cost of the measures. The lease purchase financings for such measures must mature within 15 years, or in certain instances 20 years, from the date the projects are placed in service. These energy savings refunding bonds or leases are payable from the general fund. Such payments are within the school

district's Spending Growth Limitation and tax levy cap but are not necessarily subject to annual appropriation.

Promissory Notes for Cash Flow Purposes

N.J.S.A. 18A:22-44.1 permits school districts to issue promissory notes in an amount not exceeding ½ the amount appropriated for current general fund expenses. These promissory notes are not considered debt and are used for cash flow purposes including funding in anticipation of the receipt of taxes, other revenues or grants.

Investment of School Funds

Investment of funds by New Jersey school districts is governed by State statute. Pursuant to N.J.S.A. 18A:20-37, school districts are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"); (2) U.S. Government money market mutual funds; (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular school district or municipalities or counties within which the school district is located; (5) bonds or other obligations having a maturity of 397 days or fewer approved by the Division of Investment of the State Department of the Treasury; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities and repurchase agreements fully collateralized by securities set forth in (1) and (3) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above. School districts are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a nonpartisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in Government Obligations, Federal Government Agency obligations, certain short-term investment-grade corporate obligations, commercial paper rated "prime", certificates of deposit, repurchase agreements involving Government Obligations and Federal Government Agency obligations and certain other types of instruments. The average maturity of these securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Board has no investments in derivatives.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State (the "Court") first ruled in Robinson v. Cahill that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the State Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq. (P.L. 1975, c. 212) (the "Public School Education Act") (since amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, since amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in Abbott v. Burke that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts were significantly disadvantaged under that school funding formula because school revenues were

derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included the QEA (now repealed), CEIFA and EFCFA, which became law on July 18, 2000. For many years, aid has simply been determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, approved January 1, 2008 (A500), removed the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State's then current plan for school aid was a "constitutionally adequate scheme". However, the State continued to underfund certain school districts and to overfund other school districts in its budgets based on the statutory scheme. In its budget process for FY 2019 and with the enactment of P.L. 2018, c. 67, approved July 24, 2018, the State is moving the school districts toward the intent of the statutory scheme by increasing funding for underfunded school districts and decreasing funding for overfunded school districts over the next six (6) years and providing cap relief for overfunded school districts to enable them to pick up more of the local share.

Pursuant to Public Law 2018, c.67, signed into law by the Governor of the State on July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State ("SFRA Modification Law"). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a transition period from the 2019-2020 school year through the 2024-2025 school year during which funding will be reduced. For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one-year.

After over 35 years of litigation, the State provides State aid to school districts of the State in amounts provided in the State Budget each year. These now include equalization aid, educational adequacy aid, special education categorical aid, transportation aid, preschool education aid, school choice aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of the aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State up front and debt service aid must be appropriated annually by the State.

The State reduced debt service aid by fifteen percent (15%) for the fiscal years 2011 through 2019. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in their fiscal years 2011 through 2018 budgets representing 15% of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N. J. S. A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Constituent Municipalities are general full faith and credit obligations.

The authorized bonded indebtedness of a municipality for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT – Debt Limitation (N.J.S.A. 18A:24-19) and Exception to Debt Limitation.”

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

A municipality may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency (the “Local Finance Board), and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the municipality may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the municipality or substantially reduce the ability of the municipality to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by a municipality to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

A municipality may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. A local unit’s bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year’s required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior

to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum required for the first year's principal payment for a bond issue.

Local Budget Law (N. J. S. A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by the last day of that fiscal year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three (3) years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes, which may be amortized over five (5) years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two (2) months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year’s budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a “CAP” budget, no transfers may be made from excluded from “CAP” appropriations to within “CAP” appropriations nor can transfers be made between excluded from “CAP” appropriations.

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “Index Rate”. The “Index Rate” is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year’s appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year’s tax levy in years when the Index Rate is 2.5% or less.

Legislation constituting P.L. 2020, c. 44, approved July 13, 2010 limits tax levy increases for local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the “Cap Law” limits, including the provisions of the recent legislation, would limit the obligation of a municipality to levy *ad valorem* taxes upon all taxable real property within a municipality to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the local unit and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest penalties are the highest permitted under State statutes. If a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its submission.

FINANCIAL STATEMENTS

The audited financial statements of the Board for the fiscal year ended June 30, 2018 are presented in Appendix B to this Official Statement (the “Financial Statements”). The Audited Financial Statements have been audited by Wiss & Company, LLP, Livingston, New Jersey, an independent auditor (the “Board Auditor”), as stated in its report appearing in Appendix B to this Official Statement. See “APPENDIX B – Financial Statements of The Board of Education of the West Windsor-Plainsboro Regional School District”. Such Financial Statements are included herein for informational purposes only, and the information contained in the Financial Statements should not be used to modify the description of the Bonds contained herein.

The Board Auditor has not participated in the preparation of this Official Statement except as previously stated.

LITIGATION

To the knowledge of the Board Attorney, Mark G. Toscano, Esq. of Comegno Law Group, P.C., Moorestown, New Jersey (the “Board Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a material adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter (as hereinafter defined) of the Bonds at the closing.

TAX MATTERS

Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Board to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Board will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. McManimon, Scotland & Baumann, LLC (“Bond Counsel”) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Board with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Board observes its covenants with respect to compliance with the Code, Bond Counsel is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Board as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect

to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences of Holding the Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

Changes in Federal Tax Law Regarding the Bonds

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Bank Qualification

The Bonds will not be designated as qualified under Section 265 of the Code by the Board for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS,

AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION

MUNICIPAL BANKRUPTCY

The undertakings of the Board should be considered with reference to 11 U.S.C. 401 *et seq.*, as amended and supplemented (the “Bankruptcy Code”), and other bankruptcy laws affecting creditors’ rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.*, which provides that a local unit has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Board expects to utilize the benefits of their provisions.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters may be passed on to the Board for review by the Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter (as

hereinafter defined) by a certificate signed by the Board President and the Assistant Superintendent for Finance/Board Secretary.

All other information has been obtained from sources that the Board considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and the completeness of such information.

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned an underlying rating of "AAA" to the Bonds based upon the underlying credit of the School District. The Bonds are additionally secured by the Act.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency at the following address: 55 Water Street, New York, New York 10041. The Board furnished to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the rating will be maintained for any given period of time or that the rating may not be raised, lowered or withdrawn entirely, if in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of, such rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds have been purchased from the Board at a public sale by _____ (the "Underwriter") at a price of \$ _____.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the front cover of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Board with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Board shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to February 1 of each year, beginning February 1, 2020, electronically to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system or such other repository designated by the SEC to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Board consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Board and certain financial information and operating data consisting of (1) Board indebtedness; (2) property valuation information; and (3) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law;

(b) if any of the following events occur regarding the Bonds, a timely notice not in excess of ten (10) business days after the occurrence of the event sent to EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Board, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Board, if any such event reflects financial difficulties.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

The term “Financial Obligation” as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) Notice of failure of the Board to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

In the event that the Board fails to comply with the above-described undertaking and covenants, the Board shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provisions of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Assistant Superintendent for Finance/Board Secretary shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Board prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

Within the five years immediately preceding the date of this Official Statement, the Board previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, its audited financial information for the fiscal year ended June 30, 2018. Unaudited financial information for the fiscal year ended June 30, 2018 was included in the Board’s Official Statement dated December 27, 2018 but was not properly incorporated by reference. Notice of late filing has since been filed with EMMA. The Board appointed Phoenix Advisors, LLC in August of 2015 to serve as continuing disclosure agent.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Christopher J. Russo, Ed.D., Assistant Superintendent for Finance/Board Secretary, 321 Village Road East, West Windsor, New Jersey 08550, (609) 716-5000 ext. 5020, or to the Municipal Advisor, Phoenix Advisors, LLC, at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one of its authorized officials to the effect that such official has examined this Official Statement (including the appendices) and the financial and other data concerning the School District contained herein and that, to the best of such official's knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**THE BOARD OF EDUCATION OF THE WEST WINDSOR-
PLAINSBORO REGIONAL SCHOOL DISTRICT, NEW
JERSEY**

By: _____
Christopher J. Russo, Ed.D.,
Assistant Superintendent for Finance/Board Secretary

Date: September __, 2019

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE SCHOOL
DISTRICT AND THE CONSTITUENT MUNICIPALITIES**

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INFORMATION REGARDING THE SCHOOL DISTRICT¹

Type

The School District, serving the Townships of West Windsor (“West Windsor”) and Plainsboro (“Plainsboro”), was formed pursuant to Chapter 13 of Title 18A of New Jersey Statutes, which authorizes two or more municipalities to create a regional school district upon approval of the voters of each municipality. The voters approved the formation of the School District on April 22, 1969 and it became a functioning entity on July 1, 1969.

The School District geographically includes West Windsor, located in the central northeastern section of Mercer County, New Jersey and Plainsboro, located in the southwestern corner of Middlesex County, New Jersey. It provides a comprehensive program for students in pre-kindergarten through grade 12.

The School District is fully accredited by the State Department of Education. The business of the School District is conducted by a nine-member Board of Education, which is composed of five members from West Windsor and four members from Plainsboro.

Description of Facilities

The Board presently operates the following school facilities:

<u>Facility</u>	<u>Grade Level</u>	<u>Student Enrollment (As of 2018)</u>	<u>Student Enrollment (As of 2017)</u>
Dutch Neck Elementary School	K - 3	685	702
Maurice Hawk Elementary School	K - 3	762	727
John Wicoff Elementary School	K - 3	438	458
Village Elementary School	4 - 5	740	720
Town Center Elementary School	Pre-K - 2	535	575
Millstone River Elementary School	3 - 5	1,095	1,035
Thomas Grover Middle School	6 - 8	1,275	1,263
Community Middle School	6 - 8	1,173	1,180
High School South	9 - 12	1,605	1,591
High School North	9 - 12	1,447	1,380

Source: Comprehensive Annual Financial Report of the School District

¹ Source: The Board, unless otherwise indicated.

Staff

The Superintendent is the chief executive officer of the Board and is in charge of carrying out Board policies. The Board Secretary/Business Administrator is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education.

The following table presents the number of full and part-time teaching professionals and support staff of the School District as of June 30, 2016, for each of the past five (5) years.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Teaching Professionals	934	911	903	904	899
Support Staff	<u>302</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>299</u>
Total Full & Part Time Employees	<u>1,236</u>	<u>1,211</u>	<u>1,203</u>	<u>1,204</u>	<u>1,198</u>

Source: Comprehensive Annual Financial Report of the School District

Pupil Enrollments

The following table presents the historical October 15 pupil enrollments for the past five (5) school years.

Pupil Enrollments	
<u>School Year</u>	<u>Enrollment</u>
2017-2018	9,759
2016-2017	9,751
2015-2016	9,575
2014-2015	9,762
2013-2014	9,730

Source: School District and Comprehensive Annual Financial Report of the School District

Labor Relations

<u>Labor Contract</u> <u>Representing</u>	<u>Date of Contract</u> <u>Expiration</u>
Education Association	6/30/2023
Administrators Association	6/30/2024
Service Association	6/30/2021

Source: School District

Pensions

Those employees of the School District who are eligible for pension coverage are enrolled in one of the two State-administered multi-employer pension systems (the “Pension System”). The Pension System was established by an act of the State Legislature. The Board of Trustees for the Pension System is responsible for the organization and administration of the Pension System. The two State-administered pension funds are: (1) the Teacher's Pension and Annuity Fund (“TPAF”) and (2) the Public Employee's Retirement System (“PERS”). The Division of Pensions and Benefits, within the State of New Jersey Department of the Treasury (the “Division”), charges the participating school districts annually for their respective contributions. The School District raises its contributions through taxation and the State contributes the employer's share of the annual Social Security and Pension contribution for employees enrolled in the TPAF. The Pension System is a cost sharing multiple employer contributory defined benefit plan. The Pension System's designated purpose is to provide retirement and medical benefits for qualified retirees and other benefits to its members. Membership in the Pension System is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Fiscal 2019-20 Budget

Prior to the passage of P.L. 2011, c. 202 the Board was required to submit its budget for voter approval on an annual basis. Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) if a school district has opted to move its annual election to November, it is no longer required to submit the budget to voters for approval if the budget is at or below the two-percent (2%) property tax levy cap as provided for under the New Cap Law (P.L. 2010, c. 44). If a school district proposes to spend above the two-percent (2%) property tax levy cap, it is then required to submit its budget to voters at the annual school election in November. The Board has chosen under the Election Law to move its annual school election to November.

The General Fund budget is the sum of all state aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board’s General Fund Current Expense Budget for the 2019-20 fiscal year is \$198,634,931. The major sources of revenue are \$165,862,744 from the local tax levy and \$9,279,378 from state aid.

Source: Annual User-Friendly Budget of the School District

Financial Operations

The following table summarizes information on the changes in general fund revenues and expenditures for the last five (5) budget years of the Board for the general fund. This summary should be used in conjunction with the tables in the sourced documents from which it is derived (see Appendix B). Beginning with the 1993-94 fiscal year, school districts in the State of New Jersey have begun to prepare their financial statements in accordance with Generally Accepted Accounting Principles in the United States.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED JUNE 30:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$158,721,848	\$155,477,792	\$151,936,966	\$148,521,627	\$145,116,302
Other Local Revenue	<u>1,135,405</u>	<u>1,711,072</u>	<u>641,031</u>	<u>781,966</u>	<u>922,912</u>
Total revenues-local sources	159,857,253	157,188,864	152,577,997	149,303,593	146,039,214
State Sources	31,386,249	28,104,263	26,156,352	23,593,779	21,839,571
Federal Sources	<u>71,250</u>	<u>36,435</u>	<u>71,038</u>	<u>44,935</u>	<u>64,319</u>
Total Revenues	\$191,314,752	\$185,329,562	\$178,805,387	\$172,942,307	\$167,943,104
EXPENDITURES					
General Fund:					
Instruction	\$67,959,308	\$65,662,103	\$65,367,441	\$65,640,501	\$64,635,646
Support Services	104,799,585	99,292,444	95,674,197	90,911,821	88,589,000
Capital Outlay	<u>3,857,397</u>	<u>3,672,889</u>	<u>4,198,526</u>	<u>8,315,945</u>	<u>1,284,081</u>
Total Expenditures	\$176,616,290	\$168,627,436	\$165,240,164	\$164,868,267	\$154,508,727
Excess (Deficiency) of Revenues Over/(Under) Expenditures	14,698,462	16,702,126	13,565,223	8,074,040	13,434,377
Other Financing Sources (Uses):					
Insurance Recovery	0	0	0	0	5,567
Transfers in	412,955	0	124,725	0	1,450,179
Transfers out	<u>(7,449,807)</u>	<u>(7,990,549)</u>	<u>(8,150,217)</u>	<u>(11,196,930)</u>	<u>(8,770,457)</u>
Total other financing sources (uses)	(7,036,852)	(7,990,549)	(8,025,492)	(11,196,930)	(7,314,711)
Net Change in Fund Balance	7,661,610	8,711,577	5,539,731	(3,122,890)	6,119,666
Fund Balance, July 1	<u>59,632,778</u>	<u>50,921,201</u>	<u>45,381,470</u>	<u>48,504,360</u>	<u>42,384,699</u>
Fund Balance, June 30	<u>\$67,294,388</u>	<u>\$59,632,778</u>	<u>\$50,921,201</u>	<u>\$45,381,470</u>	<u>\$48,504,365</u>

Source: Comprehensive Annual Financial Report of the School District. Statement of Revenues, Expenditures Governmental Funds and Changes In Fund Balances on a GAAP basis

Budget History

As noted, prior to the Board's budget for its 2013-2014 fiscal year, the Board was required to submit its budget for voter approval. A summary of the last five (5) budget years of the Board is presented below:

<u>Budget Year</u>	<u>Amount Raised in Taxes</u>	<u>Budget Amount</u>	<u>Election Result</u>
2019-2020	\$165,862,744	\$198,634,931	N/A
2018-2019	161,896,285	213,464,173	N/A
2017-2018	158,721,848	186,393,080	N/A
2016-2017	155,477,792	188,390,658	N/A
2015-2016	151,936,966	181,229,775	N/A

Source: Annual User-Friendly Budget of the School District and NJ State Department of Education Website – School Election Results

Capital Leases

As of June 30, 2018, the Board has no capital leases outstanding.

Source: Comprehensive Annual Financial Report of the School District

Operating Leases

As of June 30, 2018, the Board has no operating leases outstanding.

Source: Comprehensive Annual Financial Report of the School District

Short-Term Debt

As of June 30, 2018, the Board has no short-term debt outstanding.

Source: Comprehensive Annual Financial Report of the School District

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Long-Term Debt

The following table outlines the outstanding long-term debt of the Board as of June 30, 2018 and includes the Board's \$35,000,000 School Bonds issued on December 27, 2018.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$6,275,000	\$1,568,225	\$7,843,225
2020	6,455,000	2,530,454	8,985,454
2021	7,545,000	2,159,063	9,704,063
2022	5,505,000	1,910,663	7,415,663
2023	5,550,000	1,703,513	7,253,513
2024	5,625,000	1,479,963	7,104,963
2025	5,735,000	1,238,463	6,973,463
2026	3,565,000	1,045,088	4,610,088
2027	3,705,000	899,138	4,604,138
2028	2,410,000	781,563	3,191,563
2029	1,775,000	711,788	2,486,788
2030	1,840,000	657,563	2,497,563
2031	1,910,000	601,313	2,511,313
2032	1,980,000	542,963	2,522,963
2033	2,055,000	481,153	2,536,153
2034	2,135,000	415,684	2,550,684
2035	2,215,000	346,331	2,561,331
2036	2,295,000	273,044	2,568,044
2037	2,300,000	196,938	2,496,938
2038	2,300,000	119,313	2,419,313
2039	<u>2,300,000</u>	<u>40,250</u>	<u>2,340,250</u>
TOTALS	<u>\$75,475,000</u>	<u>\$19,702,466</u>	<u>\$95,177,466</u>

Source: Comprehensive Annual Financial Report of the School District

Debt Limit of the Board

The debt limitation of the Board is established by statute (N.J.S.A. 18A:24-19). The Board is permitted to incur debt up to 4% of the average equalized valuation for the past three years (See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT- Exceptions to Debt Limitation” herein). The following is a summation of the Board’s debt limitation as of June 30, 2018:

Average Equalized Real Property Valuation (2016, 2017, and 2018)	\$11,138,172,029
School District Debt Analysis	
Permitted Debt Limitation (4% of AEVP)	\$445,526,881
Less: Bonds and Notes Authorized and Outstanding	<u>75,475,000</u>
Remaining Limitation of Indebtedness	\$370,051,881
Percentage of Net School Debt to Average Equalized Valuation	0.68%

Source: Comprehensive Annual Financial Report of the School District

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INFORMATION REGARDING THE TOWNSHIP OF PLAINSBORO²

The following material presents certain economic and demographic information of the Township of Plainsboro (“Plainsboro”), in the County of Middlesex (the “County”), State of New Jersey (the “State”).

General Information

The land area of Plainsboro is approximately 11.8 square miles. Plainsboro is located in the southwestern corner of the County. Plainsboro is bordered by the Townships of South Brunswick and Cranbury in the County and the Townships of East Windsor, Princeton, Lawrence, Hamilton and Washington in Mercer County. Plainsboro is located midway between New York City and Philadelphia and is served by a network of roads, including easy access to the New Jersey Turnpike and Route 1. Plainsboro residents also have direct Amtrak and N.J. Transit rail line access to Newark, New York City and Trenton from the Princeton Junction train station, which is located in the Township of West Windsor.

Form of Government

Plainsboro is governed by a Committee whose five members are elected at large for staggered three-year terms. A mayor and deputy mayor are selected annually by the Committee from their membership.

The professional staff is headed by an appointed Administrator, a position established by ordinance and recognized by the International City Management Association. Plainsboro has six departments: Administration, Community Development, Finance, Human Services, Public Safety, and Public Works and Public Property (each headed by a director). Many of Plainsboro's operations, i.e., planning board, zoning board of adjustment and other advisory committees, are conducted by volunteers with over 125 members serving Plainsboro's interests. Autonomous fire district and rescue squad organizations provide volunteer fire fighting and emergency-medical transportation services.

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² Source: Plainsboro, unless otherwise indicated.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for Plainsboro, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2018	13,299	12,984	315	2.4%
2017	13,344	12,973	371	2.8%
2016	13,332	12,942	390	2.9%
2015	13,332	12,884	448	3.4%
2014	13,153	12,611	542	4.1%
<u>County</u>				
2018	435,053	419,262	15,791	3.6%
2017	436,742	418,904	17,838	4.1%
2016	436,159	416,825	19,334	4.4%
2015	435,612	413,173	22,439	5.2%
2014	432,008	405,617	26,391	6.1%
<u>State</u>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2017)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$101,993	\$83,133	\$76,475
Median Family Income	117,926	99,470	94,337
Per Capita Income	52,557	36,558	39,069

Source: US Bureau of the Census 2017

Population

The following tables summarize population increases and the decreases for Plainsboro, the County, and the State.

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2017 Estimate	23,398	1.7%	831,852	127.0%	9,005,644	2.4%
2010	22,999	13.8	366,513	4.5	8,791,894	4.5
2000	20,215	42.2	350,761	7.7	8,414,350	8.9
1990	14,213	153.6	325,824	5.8	7,730,188	5.0
1980	5,605	240.1	307,863	1.2	7,365,001	2.7
1970	1,648	40.7	304,116	14.2	7,168,164	18.2

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in Plainsboro and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Scudders Holding LLC	\$253,054,208	5.54%
AG-Candlebrook	134,160,000	2.94%
Hunters Glen XII	120,000,000	2.63%
Firmenich, Inc	115,693,400	2.53%
Fox Run Plains LLC	103,208,900	2.26%
Azure HGI Crest LP	100,700,000	2.20%
Munich Reinsurance America, Inc.	82,264,400	1.80%
100 & RW CRA LLC	74,955,400	1.64%
Barclay Quare at Princeton Forrestal	65,353,000	1.43%
IVC PFV LLC	63,469,000	1.39%
Total	<u>\$1,112,858,308</u>	<u>24.35%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2018	\$105,566,530	\$104,476,743	98.97%
2017	102,793,334	102,453,657	99.67%
2016	98,637,389	98,375,343	99.73%
2015	96,026,384	95,873,316	99.84%
2014	93,401,288	93,179,992	99.76%

Source: Annual Audit Reports of Plainsboro

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2018	\$1,948	\$1,033,584	\$1,035,532	0.98%
2017	1,934	297,287	299,221	0.29%
2016	1,921	260,912	262,832	0.27%
2015	1,908	159,788	161,696	0.17%
2014	1,895	205,302	207,197	0.22%

Source: Annual Audit Reports of Plainsboro

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2018	\$7,600
2017	7,600
2016	7,600
2015	7,600
2014	7,600

Source: Annual Audit Reports of Plainsboro

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Plainsboro residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Regional School</u>	<u>County</u>	<u>Fire District</u>	<u>Total</u>
2018	\$0.357	\$0.010	\$1.437	\$0.377	\$0.041	\$2.222
2017	0.343	0.010	1.389	0.343	0.041	2.126
2016	0.389	0.010	1.671	0.405	0.049	2.524
2015	0.377	0.010	1.653	0.408	0.050	2.498
2014	0.368	0.010	1.650	0.404	0.050	2.482

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2018	\$4,562,254,100	\$4,704,324,706	96.98%	\$7,415,761	\$4,711,740,467
2017	4,592,725,400	4,504,438,407	101.96	7,474,621	4,511,913,028
2016	4,635,804,600	4,367,220,537	106.15	7,199,213	4,374,419,750
2015	3,773,376,100	4,016,366,259	93.95	6,986,645	4,023,352,904
2014	3,702,207,425	3,850,449,740	96.15	6,791,698	3,857,241,438

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within Plainsboro for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2018	\$61,605,100	\$2,471,314,000	\$14,253,400	\$1,381,625,300	\$2,671,600	\$630,784,700	\$4,562,254,100
2017	54,615,300	2,476,167,200	13,576,200	1,420,632,400	7,649,600	620,084,700	4,592,725,400
2016	50,207,100	2,476,262,100	14,250,900	1,465,214,600	7,649,600	622,220,300	4,635,804,600
2015	28,882,900	2,119,790,600	12,102,200	1,134,584,400	5,808,100	472,207,900	3,773,376,100
2014	27,817,600	2,114,607,625	12,120,300	1,128,869,700	5,808,100	412,984,100	3,702,207,425

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes Plainsboro’s Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$3,780,000	\$2,780,000	\$2,355,000	\$3,124,000	\$2,864,000
Miscellaneous Revenues	7,799,369	8,592,172	8,610,095	8,672,466	8,833,070
Receipts from Delinquent Taxes	150,000	140,000	205,000	205,000	800,000
Amount to be Raised by Taxation	<u>14,735,429</u>	<u>15,939,062</u>	<u>16,424,834</u>	<u>16,820,526</u>	<u>17,338,845</u>
Total Revenue:	<u>\$26,464,797</u>	<u>\$27,451,234</u>	<u>\$27,594,929</u>	<u>\$28,821,992</u>	<u>\$29,835,914</u>
<u>Appropriations</u>					
General Appropriations	\$17,855,141	\$18,440,889	\$18,654,001	\$19,348,915	\$19,880,933
Operations (Excluded from CAPS)	3,164,293	3,142,883	3,091,444	3,156,494	3,570,498
Deferred Charges and Statutory Expenditures	0	150,000	0	0	0
Capital Improvement Fund	165,000	465,000	65,000	135,000	165,000
Municipal Debt Service	4,662,363	4,621,463	5,140,484	5,517,583	5,515,483
Reserve for Uncollected Taxes	<u>618,000</u>	<u>631,000</u>	<u>644,000</u>	<u>664,000</u>	<u>704,000</u>
Total Appropriations:	<u>\$26,464,797</u>	<u>\$27,451,234</u>	<u>\$27,594,929</u>	<u>\$28,821,992</u>	<u>\$29,835,914</u>

Source: Annual Adopted Budgets of Plainsboro

Fund Balance

Current Fund

The following table lists Plainsboro’s fund balance and the amount utilized in the succeeding year’s budget for the Current Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Current Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$4,239,524	\$2,864,000
2017	4,470,958	3,124,000
2016	3,143,694	2,355,000
2015	3,527,991	2,780,000
2014	4,571,444	3,780,000

Source: Annual Audit Reports of Plainsboro

Plainsboro Indebtedness as of December 31, 2018

General Purpose Debt

Serial Bonds	\$38,020,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	2,399,229
Other Bonds, Notes and Loans	0
Total:	<u>\$40,419,229</u>

Local School District Debt

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$0</u>

Regional School District Debt

Serial Bonds	\$27,603,342
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	32,452,414
Total:	<u>\$60,055,756</u>

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	<u>\$0</u>

TOTAL GROSS DEBT

\$100,474,985

Less: Statutory Deductions	
General Purpose Debt	\$1,813,433
Local School District Debt	0
Regional School District Debt	60,055,756
Self-Liquidating Debt	0
Total:	<u>\$61,869,189</u>

TOTAL NET DEBT

\$38,605,796

Source: Annual Debt Statement of the Plainsboro

Overlapping Debt (as of December 31, 2018)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$0	100.00%	\$0
Regional School District	147,815,000	40.63%	60,055,756
County	662,191,350	4.24%	<u>28,069,134</u>
Net Indirect Debt			\$88,124,890
Net Direct Debt			<u>38,605,796</u>
Total Net Direct and Indirect Debt			<u>\$126,730,686</u>

Debt Limit

Average Equalized Valuation Basis (2016, 2017, 2018)	\$4,525,327,883
Permitted Debt Limitation (3 1/2%)	158,386,476
Less: Net Debt	<u>38,605,796</u>
Remaining Borrowing Power	<u>\$119,780,680</u>
Percentage of Net Debt to Average Equalized Valuation	0.853%
Gross Debt Per Capita based on 2010 population of 22,999	\$4,369
Net Debt Per Capita based on 2010 population of 22,999	\$1,679

Source: Annual Debt Statement of Plainsboro

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³ Plainsboro percentage of County and Authority debt is based on Plainsboro's share of total equalized valuation in the County.

INFORMATION REGARDING THE TOWNSHIP OF WEST WINDSOR⁴

The following material presents certain economic and demographic information of the Township of West Windsor (“West Windsor”), in the County of Mercer (the “County”), State of New Jersey (the “State”).

General Information

The land area of West Windsor is approximately 26 square miles. West Windsor is located in the central northeastern section of the County. West Windsor is bordered by the Townships of South Brunswick and Cranbury in Middlesex County and the Townships of East Windsor, Princeton, Lawrence, Hamilton and Washington in the County. West Windsor is located midway between New York City and Philadelphia and is served by a network of roads, including easy access to the New Jersey Turnpike and Route 1. West Windsor residents also have direct Amtrak and N.J. Transit rail line access to Newark, New York City and Trenton from the Princeton Junction train station, which is located in West Windsor.

Form of Government

West Windsor is governed by a Mayor and a five member Township Council, all nonpartisan. The Mayor and members of Council are elected at large for four year staggered terms. Its professional staff is headed by an appointed, non-partisan Administrator, a position established by ordinance and recognized by the International City Management Association.

West Windsor has a significant number of active volunteer boards, committees and commissions with over 113 members serving West Windsor's interests without salary. These working bodies have been instrumental in, among other things, developing and implementing land use policies and promoting West Windsor and related events.

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⁴ Source: West Windsor, unless otherwise indicated.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for West Windsor, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2018	14,579	14,245	334	2.3%
2017	14,509	14,113	396	2.7%
2016	14,589	14,176	413	2.8%
2015	14,570	14,110	460	3.2%
2014	14,359	13,833	526	3.7%
<u>County</u>				
2018	196,494	189,277	7,217	3.7%
2017	195,581	187,528	8,053	4.1%
2016	196,995	188,408	8,587	4.4%
2015	196,407	186,569	9,838	5.0%
2014	193,885	182,465	11,420	5.9%
<u>State</u>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2017)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$175,684	\$77,027	\$76,475
Median Family Income	198,083	98,965	94,337
Per Capita Income	69,655	40,064	39,069

Source: US Bureau of the Census 2017

Population

The following tables summarize population increases and the decreases for West Windsor, the County, and the State.

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2017 Estimate	28,491	4.88%	374,733	2.24%	9,005,644	2.43%
2010	27,165	24.00	366,513	4.49	8,791,894	4.49
2000	21,907	36.74	350,761	7.65	8,414,350	8.85
1990	16,021	87.56	325,824	5.83	7,730,188	4.96
1980	8,542	32.83	307,863	1.23	7,365,001	2.75
1970	6,431	60.13	304,116	14.16	7,168,164	18.15

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in West Windsor and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Boston Properties Ltd.	\$418,281,200	6.97%
Hilton Management Real Estate	83,752,000	1.40%
Princeton Junction Apartments LP	72,279,504	1.20%
RM Square LLC/REXCORP	71,336,000	1.19%
Avalon Bay Communities	58,000,000	0.97%
Teachers Insurance & Annuity Assoc.	57,500,000	0.96%
John Hancock Life Insurance	57,476,100	0.96%
West Windsor Developers LLC	54,010,000	0.90%
Atlantic Realty Development	51,744,000	0.86%
DDR Nassau Pavilion Associates	47,478,600	0.79%
Total	<u>\$971,857,404</u>	<u>16.20%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2018	\$165,927,631	\$165,311,287	99.63%
2017	161,028,584	160,413,133	99.62%
2016	158,184,562	157,590,593	99.62%
2015	154,485,522	153,898,404	99.62%
2014	152,067,511	151,377,805	99.55%

Source: Annual Audit Reports of the West Windsor

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2018	\$90,714	\$616,001	\$706,715	0.43%
2017	106,110	558,633	664,743	0.41%
2016	109,744	556,941	666,685	0.42%
2015	77,479	534,873	612,352	0.40%
2014	58,440	673,712	732,152	0.48%

Source: Annual Audit Reports of West Windsor

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2018	\$137,700
2017	5,000
2016	5,000
2015	5,000
2014	5,000

Source: Annual Audit Reports of West Windsor

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for West Windsor residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2018	\$0.418	\$0.020	\$1.548	\$0.760	\$2.746
2017	0.400	0.020	1.523	0.746	2.689
2016	0.390	0.020	1.493	0.728	2.631
2015	0.380	0.020	1.458	0.712	2.570
2014	0.380	0.020	1.436	0.704	2.540

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2018	\$5,988,986,803	\$6,538,195,200	91.60%	\$11,172,487	\$6,549,367,687
2017	5,973,148,453	6,688,856,050	89.30	11,203,161	6,700,059,211
2016	5,973,473,253	6,611,481,188	90.35	11,382,995	6,622,864,183
2015	5,968,886,453	6,458,435,894	92.42	11,251,318	6,469,687,212
2014	5,950,686,353	6,115,184,825	97.31	11,563,751	6,126,748,576

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within West Windsor for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2018	\$49,497,210	\$4,203,491,650	\$31,348,349	\$1,478,492,494	\$61,059,100	\$165,098,000	\$5,988,986,803
2017	28,441,310	4,205,977,300	32,015,949	1,477,905,794	63,710,100	165,098,000	5,973,148,453
2016	32,564,810	4,211,117,700	29,963,649	1,464,674,994	72,100,800	163,051,300	5,973,473,253
2015	29,138,110	4,208,901,800	30,284,649	1,478,355,094	65,315,500	156,891,300	5,968,886,453
2014	34,046,310	4,206,201,200	30,897,349	1,462,567,994	65,315,500	151,658,000	5,950,686,353

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes West Windsor's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$4,825,538	\$4,630,000	\$4,770,000	\$4,225,000	\$4,150,000
Miscellaneous Revenues	9,949,238	10,438,725	10,695,402	10,900,790	11,829,123
Receipts from Delinquent Taxes	600,000	530,000	525,000	525,000	525,000
Amount to be Raised by Taxation	<u>22,724,524</u>	<u>23,364,275</u>	<u>23,951,598</u>	<u>25,075,430</u>	<u>25,375,877</u>
Total Revenue:	<u>\$38,099,300</u>	<u>\$38,963,000</u>	<u>\$39,942,000</u>	<u>\$40,726,221</u>	<u>\$41,880,000</u>
<u>Appropriations</u>					
General Appropriations	\$26,820,407	\$27,406,915	\$28,313,232	\$29,124,863	\$29,763,928
Operations (Excluded from CAPS)	3,685,327	3,961,478	4,030,650	3,999,116	4,681,429
Deferred Charges and Statutory Expenditures	0	0	172,000	677,479	0
Capital Improvement Fund	199,400	199,400	284,400	286,350	286,350
Municipal Debt Service	5,562,801	5,562,763	5,305,804	4,798,375	5,295,784
Reserve for Uncollected Taxes	<u>1,831,365</u>	<u>1,832,444</u>	<u>1,835,914</u>	<u>1,840,038</u>	<u>1,852,509</u>
Total Appropriations:	<u>\$38,099,300</u>	<u>\$38,963,000</u>	<u>\$39,942,000</u>	<u>\$40,726,221</u>	<u>\$41,880,000</u>

Source: Annual Adopted Budgets of West Windsor

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Fund Balance

Current Fund

The following table lists West Windsor's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$6,420,654	\$4,150,000
2017	5,726,167	4,225,000
2016	5,757,018	4,770,000
2015	6,307,106	4,630,000
2014	6,403,892	4,825,538

Source: Annual Audit Reports of West Windsor

Sewer Utility Operating Fund

The following table lists West Windsor's fund balance and the amount utilized in the succeeding year's budget for the Swimming Pool Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance - <u>Swimming Pool Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$1,139	\$0
2017	1,139	0
2016	654	0
2015	1,249	1,000
2014	8,092	8,000

Source: Annual Audit Reports of West Windsor

West Windsor Indebtedness as of December 31, 2018

General Purpose Debt

Serial Bonds	\$35,440,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	2,016,570
Other Bonds, Notes and Loans	<u>1,206,135</u>
Total:	\$38,662,705

Regional School District Debt

Serial Bonds	\$40,336,658
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>47,422,586</u>
Total:	\$87,759,244

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	95,500
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$95,500

TOTAL GROSS DEBT

\$126,517,449

Less: Statutory Deductions	
General Purpose Debt	\$2,612,399
Local School District Debt	0
Regional School District Debt	87,759,244
Self-Liquidating Debt	<u>95,500</u>
Total:	\$90,467,143

TOTAL NET DEBT

\$36,050,306

Source: Annual Debt Statement of West Windsor

Overlapping Debt (as of December 31, 2018)⁵

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
West Windsor-Plainsboro RSD	\$146,915,000	59.73%	\$87,759,244
West Windsor Parking Authority	4,415,000	100.00%	4,415,000
Mercer County	820,653,240	14.45%	118,586,615
Stony Brook Regional Sewerage Authority	21,846,401	23.03%	<u>5,031,226</u>
Net Indirect Debt			\$215,792,085
Net Direct Debt			<u>36,050,306</u>
Total Net Direct and Indirect Debt			<u>\$251,842,392</u>

Debt Limit

Average Equalized Valuation Basis (2016, 2017, 2018)	\$6,612,844,146
Permitted Debt Limitation (3 1/2%)	231,449,545
Less: Net Debt	<u>36,050,306</u>
Remaining Borrowing Power	<u>\$195,399,239</u>
Percentage of Net Debt to Average Equalized Valuation	0.545%
Gross Debt Per Capita based on 2010 population of 27,165	\$4,657
Net Debt Per Capita based on 2010 population of 27,165	\$1,327

Source: Annual Debt Statement of West Windsor

⁵ West Windsor percentage of County and Authority debt is based on West Windsor's share of total equalized valuation in the County.

APPENDIX B

**FINANCIAL STATEMENTS OF THE BOARD OF EDUCATION OF THE WEST
WINDSOR-PLAINSBORO REGIONAL SCHOOL DISTRICT**

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**West Windsor-Plainsboro
Regional School District
West Windsor
Mercer County, New Jersey**

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

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Independent Auditors' Report

Honorable President and
Members of the Board of Education
West Windsor-Plainsboro Regional School District
West Windsor County of Mercer, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

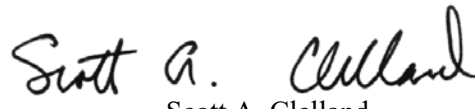
Opinions

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

Other Matters

Required Supplementary Information

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



Scott A. Clelland

Licensed Public School Accountant

No. 1049



WISS & COMPANY, LLP

February 13, 2019
Livingston, New Jersey

West Windsor-Plainsboro Regional School District
Management's Discussion and Analysis
Year ended June 30, 2018

The discussion and analysis of West Windsor-Plainsboro Regional School District's ("WW-P" financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at WW-P's financial performance as a whole; readers also should review the financial statements, notes, and additional information in the transmittal letter to enhance their understanding of WW-P's financial performance.

Management's Discussion and Analysis "(MD&A)" is Required Supplementary Information specified in the Governmental Accounting Standards 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 year and the prior year is required to be presented in this MD&A.

Financial Highlights

Key financial highlights for fiscal 2018 are as follows:

- Total net position is \$118,074,091. It is comprised of both current and capital assets and deferred outflows of resources less current and outstanding long-term liabilities and deferred inflows of resources (Schedule A-1).
- General revenues accounted for \$225,354,228 of revenue or 96 percent of all revenues. Program specific revenues in the form of charges for services, grants, aid, and contributions accounted for \$9,066,887 or 4 percent of total revenues of \$234,421,115 (Schedule A-2).
- The District had \$187,310,199 in governmental funds expenditures (Schedule B-2). Of that amount, the General Fund expenditures totaled \$176,616,290 including \$21,917,783 in State on-behalf TPAF pension, disability and social security contributions. Grant-related expenditures totaled \$2,658,974 in the special revenue fund. Business-type activities expenses were \$6,216,378 (Schedule B-5).

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the West Windsor-Plainsboro Regional School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The three components that comprise the District's basic financial statements are: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The CAFR also contains required and supplementary information and other information in addition to the basic financial statements themselves.

Reporting the School District as a Whole

Government-wide Statements

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, and are designed to provide readers with a broad overview of the District's finances in a manner similar to private-sector business. These government-wide statements found at A-1 and A-2 are not intended to drive budgetary decisions of the Board of Education. Instead, the fund statements found at B-1 through B-8 as well as the supplementary budgetary comparison at C-1 should be utilized, as in the past, for the decision making of the Board of Education. The fund financial statements are explained later in this MD&A.

These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of facilities, pupil transportation, and extracurricular activities.
- Business-type activities – Programs reported here are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods and services be financed through user charges. The Food Service Enterprise Fund is reported as a business-type activity, as is Community Education (Student Care and Adult Education Programs).

The government-wide financial statements are Schedules A-1 and A-2.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. 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. The fund financial statements are utilized for District financial decision making.

Governmental Funds

The District's main activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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 are Schedules B-1, B-2 and B-3.

Enterprise Funds

The District maintains two enterprise funds, which are proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service program and community education program, both of which are considered to be major funds of the District.

The basic enterprise fund financial statements are Schedules B-4, B-5 and B-6.

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 in its 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 are Schedules B-7 and B-8.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to 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 44 through 88 of this report.

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Net position may serve as an indicator of a government's financial position. However, as noted earlier, net position is not the primary basis for decision making for each budget cycle. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the net position relating to the District's governmental and business-type activities over the past two years.

Net Position

June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$71,980,528	\$66,652,440	\$4,718,893	\$4,580,520	\$76,699,511	\$71,232,960
Capital assets, net	124,425,796	129,908,975	4,020,018	4,120,979	128,445,814	134,029,954
Total assets	196,406,324	196,561,415	8,739,001	8,701,499	205,145,325	205,262,914
Deferred Outflows of Resources	11,616,307	15,589,358			11,616,307	15,589,358
Liabilities:						
Current liabilities and other	12,486,844	12,965,880	651,278	687,682	13,138,122	13,653,562
Long-term liabilities	77,782,303	96,089,140			77,782,303	96,089,140
Total liabilities	90,269,147	109,055,020	651,278	687,682	90,920,425	109,742,702
Deferred Inflow of Resources	7,769,120	579,643			7,769,120	579,643
Net position:						
Net investment in capital assets	80,907,220	79,849,786	4,020,018	4,120,979	84,927,238	83,970,765
Restricted	48,711,509	54,644,431			48,711,509	54,644,431
Unrestricted (deficit)	(19,632,361)	(31,978,107)	4,067,705	3,892,838	(15,564,656)	(28,085,269)
Total net position	\$109,986,368	\$102,516,110	\$8,087,723	\$8,013,817	\$118,074,091	\$110,529,927

The largest portion of the District's net position is its net investment in capital assets, e.g. land, construction in progress, buildings and improvements, and furniture and equipment, net of accumulated depreciation, less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The increase in current and other assets is mainly due to an increase in cash and cash equivalents due to the results of operations allowing the District to fund tax relief and additions to the state allowed reserve accounts.

The District's capital assets decreased in the current fiscal year due to current year depreciation expense exceeding capital asset additions.

Deferred outflows of resources decreased mainly due to a change in assumptions related to the District's portion of the State PERS plan.

The increase in deferred inflow of resources is the result of the actuarial valuation and a change in assumptions of the PERS pension deferrals.

The decrease in the District's current liabilities primarily resulted from a decrease in accounts payable and unearned revenue at fiscal year-end as compared to the prior year.

Long-term liabilities decreased due to the decrease in the net pension liability based on a change in assumption and the District making principal payments on outstanding debt.

A portion of the District's net position represents a balance of restricted net position. This balance reflects the net position in the capital projects fund and other restricted accounts in the general fund, including capital reserve, maintenance reserve, emergency reserve and excess fund balance designated for subsequent years expenditures. The increase primarily resulted from the District generating excess surplus in the current year, as well as approving transfers to the capital reserve in the current year. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

Total net position increased by approximately \$7.5 million, as a result of an increase in revenues from the local tax levy and state and federal sources and results of operations. The District purchased or constructed \$2,879,492 in capital assets in the governmental activities at year end.

The following table presents changes in net position for the fiscal years ended June 30, 2018 and 2017.

Changes in Net Position
(000's)
Years ended June 30,

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 113	\$ 97	\$ 5,705	\$ 6,018	\$ 5,818	\$ 6,115
Operating grants and contributions	2,659	2,481	585	543	3,244	3,024
Capital grants/contributions	4	47			4	47
General revenues:						
Property taxes	158,722	155,478			158,722	155,478
Federal and state aid not restricted to specific purposes	65,603	61,566			65,603	61,566
Miscellaneous	1,029	1,628			1,029	1,628
Total revenues	228,130	221,297	6,290	6,561	234,420	227,858
Expenses:						
Instructional services	143,260	136,340	2,915	3,140	146,175	139,480
Support services	76,074	72,866	3,301	3,210	79,375	76,076
Interest and other charges on long-term liabilities	1,326	1,757			1,326	1,757
Total expenses	220,260	210,963	6,216	6,350	226,876	217,313
Change in net position	7,470	10,334	74	211	7,544	10,545
Net position-beginning	102,516	92,182	8,014	7,803	110,530	99,985
Net position – ending	\$ 109,986	\$ 102,516	\$ 8,088	\$ 8,014	\$ 118,074	\$ 110,530

Federal and state aid not restricted to specific purposes increased due to the decrease in the net pension liability from the prior year offset by the impact of the implementation of GASB Statement No. 75.

Operating grants and contributions increased due to the District expending more federal and local awards than in the prior year.

The current year operations resulted in an excess of revenues over expenses allowing the District to fund tax relief and additions to the state allowed reserve accounts.

Financial Analysis of the District's Funds

Governmental Funds (Schedules B-1 and B-2)

Governmental funds are accounted for using the modified accrual basis of accounting. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is essential 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 \$4,131,978, while the total fund balance was \$67,294,388. The net change in total fund balance for the General Fund was an increase of \$7,661,610, which was mainly attributable to the positive results of current year operations. The District withdrew \$22,374,807 for use towards capital projects and debt service and deposited \$13,889,784 into capital reserve through the budget process and a June 2018 Board resolution.

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. Revenues and expenditures for the current fiscal year increased by \$178,045 attributable mostly to an increase in federal and local grants expended. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$1,799,338.

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 \$10,293 in the current fiscal year compared to expenditures of \$117,796 in the prior year. Current year expenditures relate to those incurred through the use of capital reserve funds and grants received from the New Jersey Schools Development Authority. Total fund balance was \$2,784,935 and \$3,204,065 as of June 30, 2018 and 2017, respectively.

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 \$140,259, which is attributable to interest earned in the capital projects fund and funds generated as a result of the current year refunding.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility of sound financial management. The following schedules represent revenues and expenditures from a New Jersey budgetary viewpoint. The first schedule presents a summary of the revenues of the General Fund, Special Revenue Fund

and Debt Service Fund for the fiscal year ended June 30, 2018, and the amount and percentage of increases in relation to prior year revenues.

Revenues
Year Ended June 30, 2018

Revenue	Amount	Percent of Total	Increase from 2017	Percent of Increase
Local sources	\$ 160,042,471	82.3%	\$ 2,735,329	1.7%
State sources	31,959,378	16.4	3,337,817	11.7
Federal sources	2,433,606	1.3	130,260	5.7
Total	\$ 194,435,455	100.0%	\$ 6,203,406	19.1%

The increase in the local sources was primarily the result of an increase in the local tax levy. The increase in state sources was mainly attributable to the increase in contributions for TPAF pension the State pays on behalf of the District and additional State Aid. Federal sources increased due to increases in the special revenue activity.

Expenditures
Year Ended June 30, 2018

The following table presents a summary of general fund, special revenue fund, and debt service fund expenditures for the year ended June 30, 2018, and the percentage of increases and (decreases) in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) From 2017	Percent of Increase (Decrease)
Current:				
Instruction	\$ 70,118,763	37.5%	\$ 2,410,168	3.6%
Support services	105,290,041	56.2	5,569,394	5.6
Capital outlay	3,866,457	2.1	187,334	5.1
Debt service:				
Principal	6,230,000	3.3	(80,000)	(1.3)
Interest	1,707,028	0.9	(405,685)	(19.2)
Total	\$ 187,212,289	100.0%	\$ 7,681,211	4.3%

The increase in support services is mainly the result of increases in on-behalf TPAF pension contributions by the State of New Jersey.

The increase in capital outlay is the result of the District undertaking more projects in the current year as compared with the prior year.

Debt service reported stable principal expenditures, reflecting the current year's principal repayment schedule and a decrease in interest expense due to the decreased level of outstanding principal as a result of the District's principal payments and refunding transactions.

General Fund Budgeting Highlights (Schedule C-1)

The District' budget is prepared according to New Jersey law. The most significant budgeted fund is the General Fund.

Fiscal discipline freed up funds in some budget areas, allowing selected budgetary transfers to be made between budgetary line items and approved by the Board for various reasons including:

- Current expenditures – instruction – regular programs – salaries of teachers – grades 1-5 – a decrease of \$475,472 was mainly due to a decrease in the student population requiring placement in these grades.
- Current expenditures – instruction – regular programs – undistributed instruction – general supplies – an increase of \$543,718 was mainly due to perceived need for increased spending on supplies due to new classrooms made available.
- Undistributed expenditures – instruction – tuition to CSSD and regional day schools – an increase of \$484,565 was mainly due to an increase in the student population enrollment in these schools.
- Undistributed expenditures – instruction – tuition to private schools for the disabled within state – a decrease of \$299,489 was mainly due to a decrease in the student population requiring placement at these schools.
- Undistributed expenditures – support services – general administration – architectural and engineering services – an increase of \$393,658 mainly due to increases in professional services in the current year for several new capital projects.
- Undistributed expenditures – required maintenance for school facilities – cleaning, repair and maintenance services – an increase of \$1,016,008 was mainly due to the District undertaking several large non-routine maintenance projects in the current year.
- Undistributed expenditures – personal services – health benefits – a decrease of \$1,575,376, which was the result of the budget being conservatively high in anticipation of moderate health premium increases.
- Capital outlay – equipment – support services-school buses – regular – an increase of \$351,973 was for the replacement of several school buses.
- Capital outlay – facilities acquisition and construction services – purchased professional and technical services - a decrease of \$1,749,771. The District recognized that services of this nature would not be needed and used these funds for other needs of the District.
- Capital outlay – facilities acquisition and construction services – construction services – an increase of \$17,232,949. This is as a result of the appropriation being entirely funded by the capital reserve for use of funds towards new capital projects.

The District also experienced significant variations between the final amended budget and the actual expenditures for various reasons including:

- Current expenditures – instruction – regular programs – undistributed instruction – general supplies – a remaining balance of \$282,987. Fiscal restraint with respect to purchase of supplies resulted in a favorable balance.
- Undistributed expenditures – instruction – tuition to CSSD and regional day schools – a remaining balance of \$298,875 is mainly the result of a lower student population enrollment in these schools than was anticipated.
- Undistributed expenditures – instruction – tuition to private schools for the disabled within state – a remaining balance of \$579,433 is mainly the result of a decrease in the student population requiring placement at these schools.
- Undistributed expenditures – required maintenance for school facilities – cleaning, repair and maintenance services – a remaining balance of \$728,188 is mainly the result of the timing of the liquidation of encumbrances.
- Undistributed expenditures – custodial services – energy (natural gas) – a remaining balance of \$515,844 was mainly due to energy savings as a result of renovations made in the District, weather and natural gas prices.
- Undistributed expenditures – custodial services – energy (electricity) – a remaining balance of \$575,338 was mainly due to energy savings as a result of renovations made in the District, weather and electricity prices.
- Undistributed expenditures – personal services – social security contributions - a remaining balance of \$367,010, mainly due to premium savings based on the employee population mix.
- Undistributed expenditures – personal services – worker’s compensation – a remaining balance of \$1,080,000, mainly due to premium savings based on the employee population mix.
- Undistributed expenditures – personal services – health benefits – a remaining balance of \$1,763,598. Moderate health premium increased less than anticipated were the primary factor.
- Capital outlay – purchased professional and technical services – a remaining balance of \$757,854. The District recognized that services of this nature would not be needed and used these funds for other needs of the District.
- Capital outlay – construction services – a remaining balance of \$14,898,859. The remaining balance is mainly the result of the timing of the liquidation of encumbrances and various projects coming in under budget.

Capital Assets

At June 30, 2018 and 2017, the District had a net capital investment of \$128,445,814 and \$134,029,954, respectively, in land, construction in progress, site improvements, building and building improvements, and machinery, equipment and vehicles.

The following table summarizes the capital asset balances at June 30, 2018 and 2017:

	Capital Assets (Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Land	\$ 7,722,907	\$ 7,722,907		
Construction in progress	1,226,000	3,172,042		
Site improvements	3,999,240	4,164,023	\$ 9,084	\$ 9,655
Building and building improvements	109,451,312	111,574,277	3,932,823	4,021,589
Machinery and equipment	2,026,337	3,275,726	78,111	89,735
Total	<u>\$124,425,796</u>	<u>\$129,908,975</u>	<u>\$4,020,018</u>	<u>\$ 4,120,979</u>

The decline in capital assets, net is due to the current year capital asset additions being less than the depreciation of those capital assets. For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration

At June 30, 2018, the District had \$86,615,704 of outstanding long-term liabilities. Of this amount, \$5,004,962 is for compensated absences; \$4,491,238 is for the unamortized premium of bonds payable; \$36,644,504 is for the net pension liability and \$40,475,000 relates to the outstanding principal on serial bonds. For more detailed information, please refer to Note 5 to the basic financial statements.

At June 30, 2018, the School District' overall gross bonded debt was \$40,475,000, compared to total governmental capital assets of \$276,587,459. The remaining unutilized school borrowing margin is \$396,048,269. For more detailed information, refer to J-13 (statistical section) of this report.

Enterprise Funds

Community Education had a solid year and sustained a positive change in net position.

Capital assets in the program declined due to current year depreciation of assets.

Food service had another solid year with a positive change in net position even though certain expenses increased including salaries, employee benefits and other purchased services.

For the Future

The West Windsor-Plainsboro Regional School District is in a strong financial condition. The District is proud of the community's support of the public schools. However, future finances are not without challenges. A major concern is the continued growth of salary/benefit costs to the District and the reliance on local property taxes. The State has restricted funding and taxpayers are increasingly reluctant to fund education at much more than at the rate of inflation. Legislation by the State of New Jersey continues to constrain the educational and financial flexibility of the District.

In conclusion, the West Windsor-Plainsboro Regional School District has committed itself to sound financial practices. The School District plans to continue to improve its fiscal management to meet the challenges of the future.

Contacting the District' Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Christopher Russo, Ed.D., Assistant Superintendent for Finance/Board Secretary at West Windsor-Plainsboro Regional Board of Education, Administration Building, 321 Village Road East, West Windsor, New Jersey 08550. Please visit our web site at www.ww-p.org.

West Windsor-Plainsboro Regional School District

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 33,375,963	\$ 4,579,215	\$ 37,955,178
Investments	10,000,000		10,000,000
Accounts receivable	6,031,172	139,768	6,170,940
Other current assets	6,613		6,613
Restricted assets:			
Cash and cash equivalents	22,568,784		22,568,784
Capital assets, non-depreciable	8,948,907		8,948,907
Capital assets, depreciable, net	115,476,889	4,020,018	119,496,907
Total assets	<u>196,408,328</u>	<u>8,739,001</u>	<u>205,147,329</u>
Deferred outflows of resources			
Deferred loss on defeasance of debt	1,447,662		1,447,662
Pension deferrals	10,168,645		10,168,645
	<u>11,616,307</u>		<u>11,616,307</u>
Liabilities			
Accounts payable	2,688,174	39,593	2,727,767
Other liabilities	74,715		74,715
Accrued interest payable	432,179		432,179
Intergovernmental payables:			
State	4,531		4,531
Unearned revenue	453,844	611,685	1,065,529
Net pension liability	36,644,504		36,644,504
Current portion of long-term obligations	8,833,401		8,833,401
Noncurrent portion of long-term obligations	41,137,799		41,137,799
Total liabilities	<u>90,269,147</u>	<u>651,278</u>	<u>90,920,425</u>
Deferred inflow of resources			
Pension deferrals	<u>7,769,120</u>		<u>7,769,120</u>
Net position			
Net investment in capital assets	80,907,220	4,020,018	84,927,238
Restricted for:			
Capital Projects	2,784,935		2,784,935
Excess Surplus - current year	11,037,912		11,037,912
Excess Surplus - prior year - designated for subsequent year's expenditures	12,319,878		12,319,878
Emergency reserve	1,000,000		1,000,000
Maintenance reserve	1,424,178		1,424,178
Capital reserve	20,144,606		20,144,606
Unrestricted (deficit)	(19,632,361)	4,067,705	(15,564,656)
Total net position	<u>\$ 109,986,368</u>	<u>\$ 8,087,723</u>	<u>\$ 118,074,091</u>

See accompanying notes to the basic financial statements.

West Windsor-Plainsboro Regional School District

Statement of Activities

Year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 143,260,174	\$ 113,512	\$ 2,649,914		\$ (140,496,748)		\$ (140,496,748)
Support services:							
Health services	2,705,260				(2,705,260)		(2,705,260)
Support services	17,221,030		9,060		(17,211,970)		(17,211,970)
Improvement of instruction	5,798,025				(5,798,025)		(5,798,025)
School library	2,728,562				(2,728,562)		(2,728,562)
Instructional staff training	755,623				(755,623)		(755,623)
General administration	2,933,248				(2,933,248)		(2,933,248)
School administration	12,256,507				(12,256,507)		(12,256,507)
Central admin. and inform. technology	4,054,820				(4,054,820)		(4,054,820)
Required maintenance of plant services	4,039,253			\$ 4,117	(4,035,136)		(4,035,136)
Operation of plant	10,904,929				(10,904,929)		(10,904,929)
Student transportation	12,623,009				(12,623,009)		(12,623,009)
Charter schools	54,363				(54,363)		(54,363)
Interest and other charges on long term obligations	1,325,770				(1,325,770)		(1,325,770)
Total governmental activities	220,660,573	113,512	2,658,974	4,117	(217,883,970)		(217,883,970)
Business-type activities							
Food service	3,300,728	2,746,215	585,128			\$ 30,615	30,615
Community education	2,915,650	2,958,941				43,291	43,291
Total business-type activities	6,216,378	5,705,156	585,128			73,906	73,906
Total primary government	\$ 226,876,951	\$ 5,818,668	\$ 3,244,102	\$ 4,117	(217,883,970)	73,906	(217,810,064)
General revenues							
					158,721,848		158,721,848
					65,603,531		65,603,531
					721,155		721,155
					307,694		307,694
					225,354,228		225,354,228
					7,470,258	73,906	7,544,164
					102,516,110	8,013,817	110,529,927
					\$ 109,986,368	\$ 8,087,723	\$ 118,074,091

West Windsor-Plainsboro Regional School District
Governmental Funds

Balance Sheet

June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 32,490,718		\$ 750,534	\$ 132,815	\$ 33,374,067
Investments	10,000,000				10,000,000
Cash held with fiscal agents			1,896		1,896
Accounts receivable:					
State	1,607,543	\$ 4,037	3,743,660		5,355,240
Federal		670,105			670,105
Other	1,515	4,312			5,827
Interfund	1,752,672			7,444	1,760,116
Other Current Assets	6,613				6,613
Restricted cash and cash equivalents	22,568,784				22,568,784
Total assets	\$ 68,427,845	\$ 678,454	\$ 4,496,090	\$ 140,259	\$ 73,742,648
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 1,058,742	\$ 171,118			\$ 1,229,860
Intergovernmental payables:					
State		4,531			4,531
Interfunds payable		48,961	\$ 1,711,155		1,760,116
Other liabilities	74,715				74,715
Unearned revenue		453,844			453,844
Total liabilities	1,133,457	678,454	1,711,155		3,523,066
Fund balances:					
Restricted for:					
Excess surplus - current year	11,037,912				11,037,912
Excess surplus - prior year - designated for subsequent year's expenditures	12,319,878				12,319,878
Emergency reserve	1,000,000				1,000,000
Maintenance reserve	1,424,178				1,424,178
Capital reserve	20,144,606				20,144,606
Debt service				\$ 140,259	140,259
Capital projects			2,784,935		2,784,935
Assigned to:					
Designated for subsequent year's expenditures	1,100,000				1,100,000
Other purposes	16,135,836				16,135,836
Unassigned:					
General fund	4,131,978				4,131,978
Total fund balances	67,294,388		2,784,935	140,259	70,219,582
Total liabilities and fund balances	\$ 68,427,845	\$ 678,454	\$ 4,496,090	\$ 140,259	

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 \$276,587,459 and the accumulated depreciation is \$152,161,663.	124,425,796
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.	(432,179)
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 new bonds.	1,447,662
Long-term liabilities, including bonds payable, net, and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(49,971,200)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	2,399,525
Accrued pension contributions for the June 30, 2018 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,458,314)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(36,644,504)
Net position of governmental activities (A-1)	\$ 109,986,368

See accompanying notes to the basic financial statements.

West Windsor-Plainsboro Regional School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 158,721,848				\$ 158,721,848
Tuition	113,512				113,512
Interest on investments	714,199		\$ 6,956		721,155
Miscellaneous	307,694	\$ 185,218			492,912
Total local sources	159,857,253	185,218	6,956		160,049,427
State sources	31,386,249	111,400	4,117	\$ 461,729	31,963,495
Federal sources	71,250	2,362,356			2,433,606
Total revenues	191,314,752	2,658,974	11,073	461,729	194,446,528
Expenditures					
Current:					
Instruction	67,959,308	2,159,460			70,118,768
Support services-current:					
Instruction	7,395,940	490,454			7,886,394
Health services	1,446,936				1,446,936
Support services	9,289,012				9,289,012
Improvement of instruction	3,014,254				3,014,254
School library	1,593,617				1,593,617
Other support: instructional staff	675,578				675,578
General administration	1,996,409				1,996,409
School administration	6,742,727				6,742,727
Central services and information technology	2,228,886				2,228,886
Required maintenance of plant services	3,467,174				3,467,174
Operation of plant	9,582,080				9,582,080
Student transportation	10,479,664				10,479,664
Unallocated benefits	24,915,162				24,915,162
On-behalf pension, post retirement medical and long-term disability contributions					
	16,729,791				16,729,791
Reimbursed TPAF social security contributions	5,187,992				5,187,992
Charter schools	54,363				54,363
Capital outlay	3,857,397	9,060	10,293		3,876,750
Debt Service:					
Principal				6,230,000	6,230,000
Interest				1,707,028	1,707,028
Costs of issuance				87,614	87,614
Total expenditures	176,616,290	2,658,974	10,293	8,024,642	187,310,199
Excess (deficiency) of revenues over (under) expenditures	14,698,462	-	780	(7,562,913)	7,136,329
Other financing sources (uses):					
Transfers in	412,955			7,456,762	7,869,717
Transfers out	(7,449,807)		(419,910)		(7,869,717)
Payment to refunded bond escrow agent				(9,078,061)	(9,078,061)
Premium on the issuance of refunding bonds				956,091	956,091
Refunding debt issuance				8,215,000	8,215,000
Total other financing sources (uses)	(7,036,852)		(419,910)	7,549,792	93,030
Net change in fund balances	7,661,610	-	(419,130)	(13,121)	7,229,359
Fund balances, beginning	59,632,778	-	3,204,065	153,380	62,990,223
Fund balances, ending	\$ 67,294,388	\$ -	\$ 2,784,935	\$ 140,259	\$ 70,219,582

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).

West Windsor-Plainsboro Regional School District
Governmental Funds

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

Year ended June 30, 2018

Total net change in fund balances - governmental funds (from B-2)	\$	7,229,359
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 additions in the period.		
	Capital additions	\$ 2,879,492
	Depreciation expense	<u>(8,362,671)</u> \$ (5,483,179)
The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net position		
	Refunding bonds issued	(8,215,000)
	Bonds refunded	<u>8,905,000</u> 690,000
Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
		65,229
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.		
	Serial bonds payable	6,230,000
Governmental funds report the affect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
	Premium on bonds	(956,091)
	Amortization of premium on bonds	922,635
	Amortization on deferred loss	<u>(345,931)</u> (379,387)
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).		
		200,598
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 the governmental funds		
	Pension expense	(1,082,362)
Change in net position of governmental activities (A-2)	\$	<u>7,470,258</u>

West Windsor-Plainsboro Regional School District
Proprietary Funds

Statement of Net Position

June 30, 2018

	Major Enterprise Funds		Totals
	Food Service	Community Education	
Assets			
Current assets:			
Cash and cash equivalents	\$ 852,226	\$ 3,726,989	\$ 4,579,215
Accounts receivable:			
Federal	28,051		28,051
State	2,086		2,086
Other	109,631		109,631
Total current assets	<u>991,994</u>	<u>3,726,989</u>	<u>4,718,983</u>
Capital assets:			
Depreciable buildings and equipment	1,378,565	4,250,000	5,628,565
Accumulated depreciation	<u>(1,300,454)</u>	<u>(308,093)</u>	<u>(1,608,547)</u>
Total capital assets, net	<u>78,111</u>	<u>3,941,907</u>	<u>4,020,018</u>
Total assets	<u>1,070,105</u>	<u>7,668,896</u>	<u>8,739,001</u>
Liabilities			
Current liabilities:			
Accounts payable		39,593	39,593
Unearned revenue	109,567	502,118	611,685
Total current liabilities	<u>109,567</u>	<u>541,711</u>	<u>651,278</u>
Total liabilities	<u>109,567</u>	<u>541,711</u>	<u>651,278</u>
Net position			
Investment in capital assets	78,111	3,941,907	4,020,018
Unrestricted	882,427	3,185,278	4,067,705
Total net position	<u>\$ 960,538</u>	<u>\$ 7,127,185</u>	<u>\$ 8,087,723</u>

See accompanying notes to the basic financial statements.

West Windsor-Plainsboro Regional School District
Proprietary Funds

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2018

	Major Enterprise Funds		Totals
	Food Service	Community Education	
Operating revenues:			
Local sources:			
Daily sales reimbursable programs	\$ 1,504,478		\$ 1,504,478
Daily sales non-reimbursable programs	1,007,097		1,007,097
Special functions	125,009		125,009
Miscellaneous	109,631		109,631
Community service activities		\$ 2,958,941	2,958,941
Total operating revenues	<u>2,746,215</u>	<u>2,958,941</u>	<u>5,705,156</u>
Operating expenses:			
Salaries	1,102,504	1,262,004	2,364,508
Employee benefits	317,398	433,357	750,755
Purchased professional - educational services		985,240	985,240
Other purchased services	284,099	35,199	319,298
Supplies and materials	276,772	101,059	377,831
Depreciation	11,624	89,337	100,961
Cost of sales - reimbursable programs	900,695		900,695
Cost of sales - non-reimbursable programs	407,636		407,636
Miscellaneous		9,454	9,454
Total operating expenses	<u>3,300,728</u>	<u>2,915,650</u>	<u>6,216,378</u>
Operating (loss) income	(554,513)	43,291	(511,222)
Nonoperating revenues:			
State sources:			
State school lunch program	28,502		28,502
Federal sources:			
National school breakfast program	18,861		18,861
National school lunch program	334,460		334,460
Special milk program	2,128		2,128
PB lunch - HHFKA	33,860		33,860
Food donation program	167,317		167,317
Total nonoperating revenues	<u>585,128</u>		<u>585,128</u>
Change in net position	30,615	43,291	73,906
Total net position, beginning of year	<u>929,923</u>	<u>7,083,894</u>	<u>8,013,817</u>
Total net position, end of year	<u>\$ 960,538</u>	<u>\$ 7,127,185</u>	<u>\$ 8,087,723</u>

See accompanying notes to the basic financial statements.

West Windsor-Plainsboro Regional School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2018

	Major Enterprise Funds		Totals
	Food Service	Community Education	
Cash flows from operating activities			
Receipts from customers	\$ 2,709,632	\$ 2,942,805	\$ 5,652,437
Payments to operating personnel	(1,102,504)	(1,262,004)	(2,364,508)
Payments for operating personnel benefits	(317,398)	(433,357)	(750,755)
Payments to suppliers	(1,869,202)	(1,152,480)	(3,021,682)
Net cash (used in) provided by operating activities	<u>(579,472)</u>	<u>94,964</u>	<u>(484,508)</u>
Cash flows from noncapital financing activities			
Cash received from state and federal reimbursements	<u>631,672</u>		<u>631,672</u>
Net cash provided by noncapital financing activities	<u>631,672</u>		<u>631,672</u>
Net increase in cash and cash equivalents	52,200	94,964	147,164
Cash and cash equivalents, beginning of year	<u>800,026</u>	<u>3,632,025</u>	<u>4,432,051</u>
Cash and cash equivalents, end of year	<u>\$ 852,226</u>	<u>\$ 3,726,989</u>	<u>\$ 4,579,215</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities			
Operating (loss) income	\$ (554,513)	\$ 43,291	\$ (511,222)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Depreciation	11,624	89,337	100,961
Change in assets and liabilities:			
(Increase) in accounts receivable	(37,843)		(37,843)
(Decrease) in accounts payable		(21,528)	(21,528)
Increase (Decrease) in unearned revenue	1,260	(16,136)	(14,876)
Net cash (used in) provided by operating activities	<u>\$ (579,472)</u>	<u>\$ 94,964</u>	<u>\$ (484,508)</u>

Noncash noncapital financing activities

The District received \$167,317 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2018.

West Windsor-Plainsboro Regional School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2018

	Private-Purpose Scholarship Fund	Unemployment Compensation Trust Fund	Agency Fund
Assets			
Cash and cash equivalents	\$ 113,935	\$ 1,127,263	\$ 2,321,009
Total assets	113,935	1,127,263	\$ 2,321,009
Liabilities			
Accounts payable		16,424	
Payroll deductions and withholdings payable			\$ 1,001,931
Due to student groups			1,319,078
Total liabilities		16,424	\$ 2,321,009
Net position			
Held in trust for unemployment claims		\$ 1,110,839	
Held in trust for scholarships	\$ 113,935		

West Windsor-Plainsboro Regional School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Private-Purpose Scholarship Trust Fund	Unemployment Compensation Trust Fund
	<u> </u>	<u> </u>
Additions		
Employee contributions		\$ 188,720
Donations	\$ 10,643	
Total additions	<u>10,643</u>	<u>188,720</u>
Deductions		
Scholarship payments	17,834	
Unemployment benefit payments		126,490
Total deductions	<u>17,834</u>	<u>126,490</u>
Change in net position	(7,191)	62,230
Net position-beginning of the year	121,126	1,048,609
Net position-end of the year	<u>\$ 113,935</u>	<u>\$ 1,110,839</u>

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies

The financial statements of the West Windsor-Plainsboro Regional School District (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 described 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 the West Windsor-Plainsboro Regional School District in West Windsor, 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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. 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 major individual enterprise funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all funds be reported as major to promote consistency 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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues 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 and legal liabilities are recorded only when payment is due.

Property taxes, interest, and state aid funds 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, state and local funds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

The District reports the following major proprietary funds:

Food Service and Community Education Enterprise Funds: The food service and community education funds account for all revenues and expenses pertaining to cafeteria and community education program operations and 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) of providing goods or services to the students and others on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds: Fiduciary funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. The trust funds are reported using the economic resources measurement focus. 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 using the economic resources measurement focus. The unemployment compensation fund is used to account for contributions from the District and 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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

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

Enterprise funds distinguish operating revenue 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 enterprise funds are charges for sales of food and tuition. 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 sheet and statements of net position. Revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available. Unearned revenue also 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. When an asset is recorded in governmental fund financial statements, but the revenue is not available the government should report a deferred inflow of resources until such time the revenue becomes available.

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 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."

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. 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. 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 budgetary over-expenditures. All budget amendments must be approved by School Board resolution and certain other matters require approval by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines.

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 with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and 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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

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

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, amounts on deposit, and money market accounts.

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, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. The consumable inventory is the property of the District's food service vendor.

At June 30, 2018, there were no unused Food Donation Program commodities owned by the District.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include land, property, plant and equipment and construction in progress, 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. 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.

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	2-20
Buildings	50
Building improvements	20-40
Vehicles	5-10

I. Compensated Absences

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

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies and 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. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with Districts agreements with the various employee unions. Under terms of association agreements, employees earn vacation and sick leave in amounts varying with tenure and classification by the District for the unused sick leave in accordance with Districts agreements with the various employee unions.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

The liability for vested compensated absences of the District is recorded in the district-wide financial statements and includes salary related payments.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, a liability existed for compensated absences in the government-wide financial statements in the amount of \$5,004,962 and no liability existed for compensated absences in the proprietary fund types.

J. Unearned Revenue

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned. Unearned revenue in the enterprise fund represents cash receipts from students for future meals that have been received in advance and tuition fees for community education programs received in advance of the program offering.

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial 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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

L. Deferred Loss on Defeasance of Debt

Deferred loss on refunding 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 and other charges on long-term debt. The amortization expense for the year ended June 30, 2018 amounted to \$345,931. As of June 30, 2018, the District has recorded an unamortized balance of \$1,447,662 as a deferred outflow of resources.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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 proprietary 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.

N. Fund Balances

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

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances (continued)

- 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. Intent 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. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Of the \$67,294,388 of fund balances in the General Fund, \$16,135,836 are encumbrances which are classified as assigned to other purposes, \$11,037,912 has been restricted for excess surplus-current year, \$12,319,878 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$20,144,606 has been restricted for the capital reserve, \$1,000,000 has been restricted for the emergency reserve, \$1,424,178 has been restricted for the maintenance reserve, \$1,100,000 has been assigned and designated to subsequent year's expenditures, and \$4,131,978 is classified as unassigned.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances (continued)

The District also has \$2,784,935 of fund balance in the Capital Projects Fund, which is restricted for capital projects. The Debt Service Fund fund balance in the amount of \$140,259 is restricted for future debt service payments, of this amount, the District has budgeted \$13,635 in its 2018-2019 budget.

O. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

P. 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.

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement pension, medical and long-term disability contributions for certified teacher 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 \$21,564,365 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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

R. 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 General Fund fund balance 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 excess fund balance generated in the 2018 fiscal year was \$11,037,912, which will be utilized in the 2019-20 budget.

S. GASB Pronouncements

GASB Pronouncements implemented in the 2018 Fiscal Year

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The District has adopted GASB No. 75 during the year ended June 30, 2018, which resulted in an increase in full accrual revenues and expenses and additional disclosures in the notes to the basic financial statements.

In March, 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for periods beginning after June 15, 2017. The District has adopted GASB Statement No. 85 during the year ended June 30, 2018.

Recently Issued Accounting Pronouncements

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 the statement on the financial statements.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements (continued)

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 the statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 13, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. The following subsequent events occurred:

On November 6, 2018, the majority of legal voters of the District approved a \$114,875,000 bond referendum related to renovations, alterations, improvements and additions to various schools. In December of 2018, the District issued \$35,000,000 of School Bonds in support of the approved referendum.

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, unamortized premiums and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$49,971,200 difference are as follows:

Bonds payable	\$40,475,000
Unamortized premium on bonds	4,491,238
Compensated absences payable	<u>5,004,962</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$49,971,200</u>

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72, *Fair Value Measurement and Application*. The Board 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 amortized cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments (continued)

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 a government's deposits and investments are exposed to custodial credit risk.

At June 30, 2018, the carrying amount of the District's deposits for all funds was \$64,101,177 and the bank balance was \$80,324,755. Of the bank balance, \$1,000,000 of the District's cash deposits on June 30, 2018 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered \$78,299,121 of the bank balance. \$1,025,634 held in the District agency accounts are not covered by GUDPA. The District also has \$1,896 of cash held with fiscal agents.

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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments (continued)

that is collateralized. Operating cash accounts are held in the District's name by several commercial banking institutions.

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits, in the form of certificates of deposit, money market accounts and checking accounts, may not be returned to it. The District does not have a deposit policy for custodial credit risk.

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.

The District held a \$10,000,000 investment in a Certificate of Deposit at June 30, 2018. The Certificate of Deposit was purchased on May 24, 2018 and matures on November 24, 2018 and carries an interest rate of 1.9%. The investment is valued at amortized cost and was covered under GUDPA.

Custodial Credit Risk: The District does not have any investments that are exposed to custodial credit risk and does not have a policy for custodial credit risk.

Credit Risk: The District does not have any investments exposed to credit risk and does not have an investment policy regarding the management of credit risk.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer and does not have a policy for limiting the concentration of investments.

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

GASB 72 established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments (continued)

value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement.) The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Following is a description of the valuation methodologies used for assets measured at fair value:

Certificates of Deposit: Held to maturity certificates of deposit held by the District are valued at amortized cost which approximates fair value and is considered a level 1 investment.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

4. Capital Assets

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

	Beginning Balance	Increases	Transfers In (Out)	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,722,907			\$ 7,722,907
Construction in progress	3,172,042		\$ (1,946,042)	1,226,000
Total capital assets, not being depreciated	10,894,949		(1,946,042)	8,948,907
Capital assets, being depreciated:				
Site improvements	11,908,575	\$ 282,220		12,190,795
Buildings and building improvements	204,394,859	1,149,577	1,946,042	207,490,478
Machinery, equipment and vehicles	46,727,184	1,447,695	(217,600)	47,957,279
Total capital assets being depreciated	263,030,618	2,879,492	1,728,442	267,638,552
Less accumulated depreciation for:				
Site improvements	7,444,552	447,003		8,191,555
Buildings and building improvements	92,820,582	5,218,584		98,039,166
Machinery, equipment and vehicles	43,451,458	2,697,084	(217,600)	45,930,942
Total accumulated depreciation	144,016,592	8,362,671	(217,600)	152,161,663
Total capital assets, being depreciated, net	119,014,026	(5,483,179)	1,946,042	115,476,889
Governmental activities capital assets, net	\$ 129,908,975	\$(5,483,179)	\$ -	\$ 124,425,796

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

Instruction	\$6,130,856
General administration	174,557
Required maintenance of plant services	303,153
Operation of plant	837,812
Student transportation	916,293
Total depreciation expense – governmental activities	\$8,362,671

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

4. Capital Assets (continued)

The following is a summary of enterprise fund changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Increases	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Machinery and equipment	\$ 1,378,565		\$1,378,565
Site and site improvements	11,415		11,415
Buildings and building improvements	4,238,585		4,238,585
	5,628,565		5,628,565
Less accumulated depreciation for:			
Machinery and equipment	1,288,830	\$ 11,624	1,300,454
Site and site improvements	1,760	571	2,331
Buildings and building improvements	216,996	88,766	305,762
Total accumulated depreciation	1,507,586	100,961	1,608,547
Total business-type activities capital assets, net	\$ 4,120,979	\$ (100,961)	\$4,020,018

5. Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 5,205,560	\$ 485,904	\$ (686,502)	\$ 5,004,962	\$ 600,000
Bonds payable	47,395,000	8,215,000	(15,135,000)	40,475,000	7,535,000
Premium on bonds	4,457,782	956,091	(922,635)	4,491,238	698,401
Subtotal	57,058,342	9,656,995	(16,744,137)	49,971,200	8,833,401
Net pension liability	46,443,936		(9,799,432)	36,644,504	
Total governmental activity long-term liabilities	\$ 103,502,278	\$ 9,656,995	\$(26,543,569)	\$86,615,704	\$ 8,833,401

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

The District expects to liquidate the net pension liability and compensated absences with payments made from the District's general fund. Bonds payable are expected to be liquidated by expenditures charged to the debt service fund.

Bonds Payable

Bonds are authorized in accordance with State law or 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.

Principal and interest due on all bonds outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2019	\$ 6,275,000	\$ 1,568,225	\$ 7,843,225
2020	6,455,000	1,331,750	7,786,750
2021	6,395,000	1,081,050	7,476,050
2022	4,135,000	870,450	5,005,450
2023	4,130,000	705,150	4,835,150
2024-2028	13,085,000	1,137,825	14,222,825
	<u>\$ 40,475,000</u>	<u>\$ 6,694,450</u>	<u>\$ 47,169,450</u>

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

\$17,500,000, 2007 refunding bonds, due in a final annual installment of \$1,220,000 on September 15, 2018 at an interest rate of 4.25%.

\$20,090,000, 2012 refunding bonds, due in annual installments ranging from \$2,285,000 to \$2,385,000 through December 1, 2020 at an interest rate of 4.00%.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Bonds Payable (continued)

\$27,395,000, 2015 refunding bonds, due in annual installments ranging from \$700,000 to \$2,960,000 through September 15, 2027 at interest rates ranging from 3.00% to 5.00%.

\$8,215,000, 2017 refunding bonds, due in annual installments ranging from \$340,000 to \$1,260,000 through September 15, 2025 at interest rates ranging from 3.00% to 4.00%.

Defeased Debt

In August 2012, the District issued \$20,090,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2018, none of the defeased debt remains outstanding.

In August 2015, the District issued \$27,395,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2018, none of the defeased debt remains outstanding.

In July 2017, the District issued \$8,215,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2018, none of the defeased debt remains outstanding. The refunding resulted in a net present value savings of \$1,000,240 and actual savings of \$1,073,942.

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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

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 Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

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

During the year ended June 30, 2018, the State of New Jersey contributed \$16,729,791 to the TPAF for on-behalf medical, disability insurance and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$5,187,992 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2018, 2017 and 2016 were \$1,458,314, \$1,393,117, and \$1,349,974, 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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employee's Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$36,644,504 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation on July 1, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.1574184697 percent, which was an increase of 0.0006040395 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$2,556,019 in the government-wide financial statements. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 862,852	
Changes of assumptions	7,382,605	\$ 7,355,539
Net difference between projected and actual earnings on pension plan investments	249,524	
Changes in proportion and differences between District contributions and proportionate share of contributions	215,350	413,581
District contributions subsequent to the measurement date	1,458,314	
	\$ 10,168,645	\$ 7,769,120

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

\$1,458,314 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 759,102
2020	1,193,823
2021	762,743
2022	(1,024,653)
2023	(749,804)
	<u>\$ 941,211</u>

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases	
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, 2016 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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

Mortality Rates

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

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

Long-Term Rate of Return

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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

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

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

Discount rate

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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

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.

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

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

	<u>At 1% Decrease (4.00%)</u>	<u>At Current Discount Rate (5.00%)</u>	<u>At 1% Increase (6.00%)</u>
District's proportionate share of the net pension liability	\$ 45,459,994	\$ 36,644,504	\$ 29,300,108

Pension Plan Fiduciary Net Position

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

Additional Information

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

Deferred outflows of resources	\$ 6,424,455,842
Deferred inflows of resources	\$ 5,700,625,981
Net pension liability	\$ 23,278,401,588

District's Proportion	0.1574184697%
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West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

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

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

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

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2017 was \$457,903,960. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.6791448690, which was a decrease of 0.0084684478 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$31,721,268 for contributions incurred by the State.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

Actuarial assumptions

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

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

Mortality Rates

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's proportionate share of the net pension liability associated with the District	\$ 544,004,268	\$ 457,903,960	\$ 386,974,150

Pension plan fiduciary net position

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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

Additional Information

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

Deferred outflows of resources	\$ 14,251,854,934
Deferred inflows of resources	\$ 11,807,238,433
Net pension liability	\$ 67,423,605,859

State's proportionate share associated with the District	0.6791448690%
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Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2017 is \$4,682,493,081.

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

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 SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The State's contributions to the SEHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2018, 2017 and 2016 were \$6,560,128, \$6,365,060 and \$6,555,290 respectively, which equaled the required contributions for each year.

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 (GASB 75) and the State is treated as a non-employer contributing entity.

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Total OPEB Liability

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

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Changes in the Total OPEB Liability

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

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2016	\$ 336,757,818
Changes for the year:	
Service cost	13,136,999
Interest cost	9,873,476
Changes of assumptions	(40,689,817)
Member contributions	266,199
Gross benefit payments	(7,229,255)
Net changes	(24,642,398)
Ending Total OPEB Liability, June 30, 2017	\$ 312,115,420

Employees covered by benefit terms

The following employees were covered by the benefit terms:

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

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$312,115,420. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Actuarial assumptions and other inputs

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

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

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

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality Rates

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality table for males or females, as appropriate, with adjustments for mortality improvements based on MP- 2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Health Care Trend Assumptions

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

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

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

	At 1% decrease (2.58%)	At current discount rate (3.58%)	At 1% increase (4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 370,503,522	\$ 312,115,420	\$ 265,801,423

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

	At 1% 1% decrease	Healthcare Cost Trend Rates	At 1% 1% increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 256,684,761	\$ 312,115,420	\$ 385,726,683

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

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

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$12,119,938 for OPEB expenses incurred by the State.

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

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

Special Funding Situation

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

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District amounted to \$1,760,116 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,752,672	
Special Revenue Fund		\$ 48,961
Capital Projects Fund		1,711,155
Debt Service Fund	7,444	
	\$ 1,760,116	\$ 1,760,116

The interfund between the capital projects fund and the general fund in the amount of \$1,711,155 relates to funds due back to capital reserve/capital outlay that were not required in the capital projects fund. The interfund between the special revenue fund and

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

8. Interfunds Receivables and Payables (continued)

the general fund pertains to the elimination of the pooled cash deficit in the special revenue fund in the amount of \$48,961. The interfund between the debt service fund and the capital projects fund relates to an adjustment to interest transferred to these funds from the capital projects fund. All interfunds are expected to be liquidated within one year.

9. Economic Dependency

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

10. 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 collectibility of any related receivable at June 30, 2018 may be impaired. In addition, the District is receiving funding in the form of grants from the New Jersey Schools Development Authority, (NJSDA), in connection with capital projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2018 may be impaired.

In the opinion of the District's management, 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 involved in several 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 material adverse effect on the financial position of the Board.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

11. Risk Management

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

During the 2018 fiscal year, the District was covered by a joint insurance fund as well as commercial insurance.

Property and Liability Insurance

The Board is a member of the School Alliance Insurance Fund (SAIF), a public entity risk pool currently operating as a common risk management and insurance program. The SAIF is a School District Joint Self Insurance Fund comprised of Boards of Education.

The Board pays an actuarial determined annual assessment to SAIF for its insurance coverage. Supplemental assessments may be levied to supplement the fund. The Board has not been notified of any supplemental assessments.

The coverage provided by SAIF is partially self-insured retention and partially excess coverage provided by commercial insurance. The self-insured retention coverage for crime is \$50,000, and \$10,000 for theft, disappearance and destruction.

The District continues to carry commercial insurance for all other risks of loss, including employee health, accident insurance and public officials bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years and there have been no significant decreases in insurance coverage from the prior year.

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.

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the past three years:

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

11. Risk Management (continued)

Fiscal Year	Contributions	Amount Paid	Ending Balance
2017-18	\$ 188,720	\$ 126,490	\$ 1,110,839
2016-17	188,798	105,731	1,048,609
2015-16	179,646	149,564	965,542

12. Deferred Compensation

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by various insurance companies, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans 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. Since the District does not hold the assets in a trustee capacity, the related assets are not included in the District's Fiduciary Fund Financial Statements.

13. Reserve Accounts – Restricted Assets

A capital reserve account was established by the District by inclusion of \$228,986 in June of 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 transfers 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.

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

13. Reserve Accounts – Restricted Assets (continued)

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

Beginning balance, June 30, 2017	\$ 28,258,767
Interest earnings	370,862
Deposits:	
Approved in 2017-18 budget	12,139,784
Approved by June 2018 resolution	1,750,000
Withdrawals:	
Transfer to debt service fund	7,449,807
Capital outlay	14,925,000
Ending balance, June 30, 2018	<u>\$ 20,144,606</u>

The District has budgeted \$21,535,450 in its 2018-19 budget for capital purposes.

At June 30, 2018, the amount deposited in the capital reserve account does not exceed the District's local share reported in its Long-Range Facility Plan.

In addition, at June 30, 2018, the District has restricted amounts resulting from the maintenance reserve of \$1,424,178 and emergency reserve of \$1,000,000.

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

14. Transfers – Reconciliation

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 412,955	\$ 7,449,807
Capital Projects Fund		419,910
Debt Service Fund	7,456,762	
	<u>\$ 7,869,717</u>	<u>\$ 7,869,717</u>

West Windsor-Plainsboro Regional School District

Notes to the Basic Financial Statements

Year ended June 30, 2018

14. Transfers – Reconciliation (continued)

The transfer of \$7,449,807 from the general fund to the debt service fund represents the transfer of funds from the capital reserve account for payment of debt in the District's debt service fund. The transfer of \$419,910 from the capital projects fund to the debt service fund represents the transfer of interest earned for use in the District's debt service fund. The transfer of \$412,955 from the capital projects fund to the general fund represents the transfer of funds from the capital projects fund to capital outlay as a result of completed projects and the return of funds to its original source.

15. Commitments

The District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$16,135,836.

There were \$66,814 of contractual commitments at June 30, 2018 to vendors related to the ongoing construction projects recorded as restricted for capital projects in the capital projects fund.

In addition, there were \$64,480 of contractual commitments at June 30, 2018 in the community education enterprise fund, which is recorded as unrestricted net position.

16. 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.

West Windsor-Plainsboro Regional School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System

Last Ten Fiscal Years*

	<u>Year Ended June 30,</u> 2018	<u>Year Ended June 30,</u> 2017	<u>Year Ended June 30,</u> 2016	<u>Year Ended June 30,</u> 2015	<u>Year Ended June 30,</u> 2014	<u>Year Ended June 30,</u> 2013	<u>Year Ended June 30,</u> 2012	<u>Year Ended June 30,</u> 2011	<u>Year Ended June 30,</u> 2010	<u>Year Ended June 30,</u> 2009
District's proportion of the net pension liability (asset) - Local Group	0.1574184697%	0.1568144302%	0.1570226894%	0.1558462491%	0.1611916289%	Not available	Not available	Not available	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ 36,644,504	\$ 46,443,936	\$ 35,248,447	\$ 29,178,680	\$ 30,806,923	Not available	Not available	Not available	Not available	Not available
District's covered-employee payroll	\$ 10,696,401	\$ 10,610,200	\$ 10,777,209	\$ 10,511,942	\$ 10,463,520	\$ 10,850,183	\$ 11,209,802	\$ 15,586,472	\$ 15,667,593	\$ 15,496,836
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	342.59%	437.73%	327.06%	277.58%	294.42%	Not available	Not available	Not available	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.10%	40.14%	47.93%	52.08%	48.72%	Not available	Not available	Not available	Not available	Not available

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.

See accompanying notes to required supplementary information.

West Windsor-Plainsboro Regional School District
 Schedule of District Contributions
 Public Employee's Retirement System
 Last Ten Fiscal Years

	<u>Year Ended June 30,</u> 2018	<u>Year Ended June 30,</u> 2017	<u>Year Ended June 30,</u> 2016	<u>Year Ended June 30,</u> 2015	<u>Year Ended June 30,</u> 2014	<u>Year Ended June 30,</u> 2013	<u>Year Ended June 30,</u> 2012	<u>Year Ended June 30,</u> 2011	<u>Year Ended June 30,</u> 2010	<u>Year Ended June 30,</u> 2009
Contractually required contribution	\$ 1,458,314	\$ 1,393,117	\$ 1,393,117	\$ 1,349,974	\$ 1,284,774	\$ 1,214,546	\$ 1,272,953	\$ 1,798,401	\$ 1,766,541	\$ 1,433,743
Contributions in relation to the contractually required contribution	(1,458,314)	(1,393,117)	(1,393,117)	(1,349,974)	(1,284,774)	(1,214,546)	(1,272,953)	(1,798,401)	(1,766,541)	(1,433,743)
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	\$ 10,940,243	\$ 10,696,401	\$ 10,610,200	\$ 10,777,209	\$ 10,511,942	\$ 10,463,520	\$ 10,850,183	\$ 11,209,802	\$ 15,586,472	\$ 15,667,593
Contributions as a percentage of covered-employee payroll	13.33%	13.02%	13.13%	12.53%	12.22%	11.61%	11.73%	16.04%	11.33%	9.15%

See accompanying notes to required supplementary information.

West Windsor-Plainsboro Regional School District
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	<u>Year Ended June 30,</u> 2018	<u>Year Ended June 30,</u> 2017	<u>Year Ended June 30,</u> 2016	<u>Year Ended June 30,</u> 2015	<u>Year Ended June 30,</u> 2014	<u>Year Ended June 30,</u> 2013	<u>Year Ended June 30,</u> 2012	<u>Year Ended June 30,</u> 2011	<u>Year Ended June 30,</u> 2010	<u>Year Ended June 30,</u> 2009
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.6791448690%	0.6876133168%	0.6893070119%	0.7015450947%	0.6993085932%	Not available	Not available	Not available	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 457,903,960	\$ 540,920,416	\$ 435,671,467	\$ 374,953,020	\$ 353,425,063	Not available	Not available	Not available	Not available	Not available
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 457,903,960</u>	<u>\$ 540,920,416</u>	<u>\$ 435,671,467</u>	<u>\$ 374,953,020</u>	<u>\$ 353,425,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%	Not available	Not available	Not available	Not available	Not available

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.

See accompanying notes to required supplementary information.

West Windsor - Plainsboro Regional School District
 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 and Notes to Required Supplementary Information

Last Ten Fiscal Years*

	Year Ended June 30,	
	2018	2017
	<u> </u>	<u> </u>
State's proportion of the net OPEB liability (asset)	0.58%	0.58%
District's proportionate share of the net OPEB liability (asset)	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	\$ 312,115,420	\$ 336,757,818
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 312,115,420</u>	<u>\$ 336,757,818</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>
	<u>2018</u>	<u>2017**</u>
Total OPEB Liability		
Service cost	\$ 13,136,999	
Interest cost	9,873,476	
Changes of assumptions	(40,689,817)	
Member contributions	266,199	
Gross benefit payments	<u>(7,229,255)</u>	
Net change in total OPEB liability	(24,642,398)	
Total OPEB liability - beginning	<u>336,757,818</u>	
Total OPEB liability - ending	<u>\$ 312,115,420</u>	
Covered-employee payroll	<u>\$ 81,007,059</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>385.29%</u>	

* 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.

See accompanying notes to required supplementary information.

West Windsor-Plainsboro Regional School District

Notes to Required Supplementary Information

Year ended June 30, 2018

PENSION-PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

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

PENSION-TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

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

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

Benefit Changes

There were none.

Changes of Assumptions

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

West Windsor-Plainsboro Regional School District

General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 158,721,848		\$ 158,721,848	\$ 158,721,848	
Tuition	92,377		92,377	113,512	\$ 21,135
Rents and royalties	190,551		190,551	168,331	(22,220)
Interest on investments	174,900		174,900	339,308	164,408
Capital reserve interest income	20,400		20,400	370,862	350,462
Maintenance reserve interest income	2,700		2,700	4,029	1,329
Miscellaneous	108,814		108,814	139,363	30,549
Total revenues - local sources	159,311,590		159,311,590	159,857,253	545,663
State sources:					
Categorical Special Education Aid	5,684,907		5,684,907	5,946,283	261,376
Equalization Aid	546,130		546,130	546,130	
Categorical Security Aid	173,051		173,051	173,051	
Categorical Transportation Aid	905,779		905,779	999,516	93,737
Extraordinary Aid				1,513,806	1,513,806
PARCC Readiness Aid	94,710		94,710	94,710	
Per Pupil Growth Aid	94,710		94,710	94,710	
Prof. Learning Comm Aid	93,865		93,865	93,865	
Other state aids				36,825	36,825
On-Behalf TPAF - Pension					
Contribution (non-budgeted)				10,156,903	10,156,903
On-Behalf TPAF - Post-Retirement					
Medical (non-budgeted)				6,560,128	6,560,128
On-Behalf TPAF - Long-Term Disability					
Insurance (non-budgeted)				12,760	12,760
Reimbursed TPAF social security					
contributions (non-budgeted)				5,187,992	5,187,992
Total - state sources	7,593,152		7,593,152	31,416,679	23,823,527
Federal sources:					
Medicaid Assistance	48,857		48,857	71,250	22,393
Total - federal sources	48,857		48,857	71,250	22,393
Total revenues	166,953,599		166,953,599	191,345,182	24,391,583
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	1,066,362	\$ 31,431	1,097,793	1,044,829	52,964
Grades 1-5	17,085,476	(475,472)	16,610,004	16,360,202	249,802
Grades 6-8	13,310,197	(9,808)	13,300,389	13,195,432	104,957
Grades 9-12	15,765,499	(89,081)	15,676,418	15,595,913	80,505
Home Instruction:					
Salaries of teachers	70,000	(21,100)	48,900	21,344	27,556
Undistributed Instruction:					
Other salaries for instruction	16,700	13,717	30,417	30,392	25
Purchased professional-educational services	18,650	1,422	20,072	19,357	715
Other purchased services	538,616	(170,400)	368,216	235,421	132,795
General supplies	1,626,565	543,718	2,170,283	1,887,296	282,987
Textbooks	328,357	(427)	327,930	289,947	37,983
Other objects	54,306	(31,701)	22,605	2,495	20,110
Total instruction - regular programs	49,880,728	(207,701)	49,673,027	48,682,628	990,399

West Windsor-Plainsboro Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special Education:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 879,196	\$ 67,300	\$ 946,496	\$ 923,502	\$ 22,994
Other salaries for instruction	266,066	38,000	304,066	303,648	418
Other purchased services	4,500	410	4,910	1,072	3,838
General supplies	10,125	(840)	9,285	9,239	46
Textbooks	500	(500)			
Total learning and/or language disabilities	1,160,387	104,370	1,264,757	1,237,461	27,296
Behavioral disabilities:					
Salaries of teachers	278,620		278,620	274,951	3,669
Other salaries for instruction	93,319	293	93,612	63,278	30,334
Other purchased services	1,200		1,200		1,200
General supplies	5,700	(2,266)	3,434	3,434	
Textbooks	250	(250)			
Total behavioral disabilities	379,089	(2,223)	376,866	341,663	35,203
Multiple disabilities:					
Salaries of teachers	1,050,669	47,735	1,098,404	1,098,154	250
Other salaries for instruction	1,018,295	85,414	1,103,709	1,103,626	83
Other purchased services	6,450	(1,139)	5,311	2,911	2,400
General supplies	17,950	(246)	17,704	16,248	1,456
Textbooks	300	(300)			
Total multiple disabilities	2,093,664	131,464	2,225,128	2,220,939	4,189
Resource room/center:					
Salaries of teachers	6,401,349	59,727	6,461,076	6,460,264	812
Other salaries for instruction	1,805,118	12,709	1,817,827	1,774,813	43,014
Other purchased services	16,875		16,875	3,563	13,312
General supplies	38,000	(8,279)	29,721	29,313	408
Textbooks	1,000	(1,000)			
Total resource room/center	8,262,342	63,157	8,325,499	8,267,953	57,546

West Windsor-Plainsboro Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special Education (continued):					
Preschool Disabilities Part-time:					
Salaries of teachers	\$ 336,400	\$ 144,774	\$ 481,174	\$ 329,941	\$ 151,233
Other salaries for instruction	139,893	61,790	201,683	154,895	46,788
Other purchased services	1,500	(100)	1,400		1,400
General supplies	3,000	(1,163)	1,837	1,668	169
Total Preschool Disabilities Part-time	480,793	205,301	686,094	486,504	199,590
Preschool Disabilities Full-time:					
Salaries of teachers	353,030	(76,936)	276,094	276,069	25
Other salaries for instruction	253,020	(45,307)	207,713	206,399	1,314
Other purchased services	900	(900)			
General supplies	3,000	(465)	2,535	2,504	31
Total Preschool Disabilities Full-time	609,950	(123,608)	486,342	484,972	1,370
Autism:					
Salaries of teachers	385,935	1,415	387,350	289,550	97,800
Other salaries for instruction	277,021	65,633	342,654	340,769	1,885
Other purchased services	1,800		1,800	300	1,500
General supplies	3,750	809	4,559	4,559	
Total Autism	668,506	67,857	736,363	635,178	101,185
Home instruction:					
Salaries of teachers	70,000	(31,630)	38,370	17,873	20,497
Total home instruction	70,000	(31,630)	38,370	17,873	20,497
Total special education	13,724,731	414,688	14,139,419	13,692,543	446,876
Bilingual education:					
Salaries of teachers	888,485	132,538	1,021,023	999,357	21,666
Other purchased services	450		450		450
General supplies	5,217	(1,541)	3,676	3,598	78
Textbooks	1,000	(260)	740	691	49
Total bilingual education	895,152	130,737	1,025,889	1,003,646	22,243
Basic skills/remedial instruction:					
Salaries of teachers	2,022,403	143,497	2,165,900	2,122,164	43,736
Other salaries for instruction	7,200	(2,700)	4,500		4,500
Other purchased services	675	(666)	9		9
General supplies	6,421	(2,733)	3,688	3,395	293
Textbooks	1,150	(810)	340	328	12
Total Basic skills/remedial instruction	2,037,849	136,588	2,174,437	2,125,887	48,550
School - sponsored cocurricular activities:					
Salaries	647,328	4,888	652,216	649,834	2,382
Purchased services	27,920	(1,747)	26,173	20,491	5,682
Supplies and materials	39,000	(19,990)	19,010	14,063	4,947
Other objects	19,580	1,163	20,743	19,152	1,591
Total school - sponsored cocurricular activities	733,828	(15,686)	718,142	703,540	14,602
School - sponsored athletics - instruction:					
Salaries	1,267,736	(29,319)	1,238,417	1,205,824	32,593
Purchased services	276,680	(8,473)	268,207	177,047	91,160
Supplies and materials	223,133	80,363	303,496	232,544	70,952
Other objects	126,240	24,910	151,150	135,649	15,501
Total school - sponsored athletics - instruction	1,893,789	67,481	1,961,270	1,751,064	210,206
Total instruction	69,166,077	526,107	69,692,184	67,959,308	1,732,876

West Windsor-Plainsboro Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	\$ 229,899	\$ (226,000)	\$ 3,899	\$ 1,939	\$ 1,960
Tuition to Co. Voc school Dist.- regular	354,600	(8,000)	346,600	302,196	44,404
Tuition to CSSD and regional day schools	2,041,228	484,565	2,525,793	2,226,918	298,875
Tuition to priv school for the disabled - w/in state	5,253,397	(299,489)	4,953,908	4,374,475	579,433
Tuition to priv school for the disabled-out of state	516,724	128,449	645,173	457,460	187,713
Tuition - state facilities	32,952		32,952	32,952	
Total undistributed instruction	8,428,800	79,525	8,508,325	7,395,940	1,112,385
Health services:					
Salaries	1,345,284	19,069	1,364,353	1,364,346	7
Purchased professional and technical services	26,000	1,000	27,000	27,000	
Other purchased services	2,890	(1,105)	1,785	151	1,634
Supplies and materials	68,641	(7,746)	60,895	48,433	12,462
Other objects	7,400	2,900	10,300	7,006	3,294
Total health services	1,450,215	14,118	1,464,333	1,446,936	17,397
Speech, OT, PT and related services:					
Salaries	2,084,490	12,500	2,096,990	2,038,558	58,432
Purchased professional educational services		25,900	25,900		25,900
Other purchased services	7,800	(3,900)	3,900	2,355	1,545
Supplies and materials	44,100	10,209	54,309	49,243	5,066
Total other support services - speech, OT, PT and related services	2,136,390	44,709	2,181,099	2,090,156	90,943
Other support services - students - extra services:					
Purchased professional educational services	767,000	(21,227)	745,773	617,266	128,507
Total other support services - students - extra services	767,000	(21,227)	745,773	617,266	128,507
Other support services - guidance:					
Salaries of other professional staff	2,803,840	5,807	2,809,647	2,800,778	8,869
Salaries of secretarial and clerical assistants	300,380	(500)	299,880	297,546	2,334
Purchased professional educational services		4,000	4,000	4,000	
Other purchased services	32,475	(5,958)	26,517	18,372	8,145
Supplies and materials	36,619	(10,809)	25,810	24,221	1,589
Other objects	9,065	(2,516)	6,549	3,045	3,504
Total other support services - guidance	3,182,379	(9,976)	3,172,403	3,147,962	24,441
Other support services - child study teams:					
Salaries of other professional staff	3,124,578	(52,039)	3,072,539	3,021,269	51,270
Salaries of secretarial and clerical assistants	316,578	750	317,328	301,775	15,553
Purchased professional educational services	2,000		2,000		2,000
Miscellaneous purchased services	35,600	(2,861)	32,739	26,587	6,152
Supplies and materials	55,700	30,169	85,869	80,667	5,202
Other objects	14,180	(9,850)	4,330	3,330	1,000
Total other support services - child study teams	3,548,636	(33,831)	3,514,805	3,433,628	81,177

West Windsor-Plainsboro Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 1,884,247	\$ 4,400	\$ 1,888,647	\$ 1,886,029	\$ 2,618
Salaries of other professional staff	212,596	15,888	228,484	210,293	18,191
Salaries of secretarial and clerical assistants	62,240		62,240	61,500	740
Other salaries	832,345	620	832,965	821,343	11,622
Salaries of facilitators, math, literacy coaches	6,000		6,000	5,688	312
Purchased professional educational services	60,000	4,100	64,100	20,300	43,800
Other purchased services	7,800	4,854	12,654	5,221	7,433
Other objects	12,200	1,284	13,484	3,880	9,604
Total improvement of instructional services	3,077,428	31,146	3,108,574	3,014,254	94,320
Educational media services/school library:					
Salaries	941,811	35,877	977,688	976,914	774
Salaries of technology coordinators	252,890		252,890	252,890	
Other purchased services	29,707	(6,921)	22,786	22,642	144
Supplies and materials	254,410	93,519	347,929	340,571	7,358
Other objects	1,550	(875)	675	600	75
Total educational media services/school library	1,480,368	121,600	1,601,968	1,593,617	8,351
Instructional staff training services:					
Salaries of other professional staff	100,000	(13,910)	86,090	86,079	11
Other salaries	700		700		700
Purchased professional - educational services	46,500	570	47,070	38,800	8,270
Other purchased services	680,841	(41,089)	639,752	535,178	104,574
Supplies and materials	12,175	3,400	15,575	15,521	54
Other objects	100		100		100
Total instructional staff training services	840,316	(51,029)	789,287	675,578	113,709
Support services-general administration:					
Salaries	715,845	67,230	783,075	776,112	6,963
Legal Services	300,000	73,431	373,431	245,135	128,296
Audit Fees	86,717	67,203	153,920	85,560	68,360
Architectural/Engineering Services	250,000	393,658	643,658	434,961	208,697
Other purchased professional services	95,000	(39,150)	55,850	14,940	40,910
Communications/telephone	363,075	(7,305)	355,770	340,912	14,858
Miscellaneous purchased services	139,535	(58,503)	81,032	45,010	36,022
General supplies	34,650	(2,946)	31,704	9,825	21,879
Miscellaneous expenditures	32,650	125	32,775	13,766	19,009
BOE membership dues and fees	31,044		31,044	30,188	856
Total support services-general administration	2,048,516	493,743	2,542,259	1,996,409	545,850

West Windsor-Plainsboro Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures (continued):					
Support services-school administration:					
Salaries of principals/assistant principals	\$ 3,427,156		\$ 3,427,156	\$ 3,380,817	\$ 46,339
Salaries of other professional staff	662,094	\$ 25,000	687,094	685,449	1,645
Salaries of secretarial and clerical assistants	2,026,334	(46,052)	1,980,282	1,912,115	68,167
Purchased professional and technical services	254,800	(8,093)	246,707	245,320	1,387
Other purchased services	289,152	(77,503)	211,649	171,059	40,590
Supplies and materials	389,581	70,652	460,233	292,319	167,914
Other objects	81,238	(18,996)	62,242	55,648	6,594
Total support services-school administration	7,130,355	(54,992)	7,075,363	6,742,727	332,636
Central services:					
Salaries	1,599,814	17,500	1,617,314	1,522,730	94,584
Unused Vac payment to Term/Ret Staff	53,000	(27,602)	25,398	25,398	
Purchased technical services	45,325	5,675	51,000	46,525	4,475
Miscellaneous purchased services	126,850	6,400	133,250	46,260	86,990
Supplies and materials	190,000	12,959	202,959	122,042	80,917
Miscellaneous expenditures	22,900	464	23,364	8,870	14,494
Total central services	2,037,889	15,396	2,053,285	1,771,825	281,460
Administrative information technology:					
Salaries	471,281	1,500	472,781	457,061	15,720
Supplies and materials		11,000	11,000		11,000
Total administrative information technology	471,281	12,500	483,781	457,061	26,720
Required maintenance for school facilities:					
Salaries	314,912	(20,767)	294,145	291,586	2,559
Cleaning, repair and maintenance services	2,262,863	1,016,008	3,278,871	2,550,683	728,188
General supplies	559,550	246,102	805,652	596,377	209,275
Other objects	11,500	33,650	45,150	28,528	16,622
Total required maintenance for school facilities	3,148,825	1,274,993	4,423,818	3,467,174	956,644
Custodial services:					
Salaries		3,956	3,956	3,956	
Salaries of non-instructional aids	332,459	1,891	334,350	291,593	42,757
Cleaning, repair and maintenance services	3,881,743	(222,585)	3,659,158	3,597,335	61,823
Rental of land and buildings other than lease	39,950	12,000	51,950	13,100	38,850
Other purchased property services	377,500	5,797	383,297	355,142	28,155
Insurance	882,500		882,500	727,350	155,150
Travel	2,500		2,500	1,390	1,110
Miscellaneous purchased services	100,000		100,000		100,000
General supplies	200,340	48,613	248,953	241,996	6,957
Energy (Natural Gas)	1,221,120	(140,000)	1,081,120	565,276	515,844
Energy (Electricity)	3,100,000	180,700	3,280,700	2,705,362	575,338
Energy (Oil)	9,000	(9,000)			
Other objects	1,000		1,000		1,000
Total custodial services	10,148,112	(118,628)	10,029,484	8,502,500	1,526,984

West Windsor-Plainsboro Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures (continued):					
Care and upkeep of grounds:					
Cleaning, repair and maintenance services	\$ 407,620	\$ 2,124	\$ 409,744	\$ 406,355	\$ 3,389
General supplies	45,900	10,710	56,610	47,079	9,531
Total care and upkeep of grounds	453,520	12,834	466,354	453,434	12,920
Security:					
Salaries	203,862	26,493	230,355	228,791	1,564
Purchased professional and technical services	475,000	(5,000)	470,000	371,529	98,471
Cleaning, Repair, and maintenance service	45,000	5,970	50,970	17,226	33,744
General supplies		8,600	8,600	8,600	
Total security	723,862	36,063	759,925	626,146	133,779
Student transportation services:					
Salaries for pupil transportation:					
Salaries of non-instructional aides	77,849	(905)	76,944	76,743	201
Between home and school - regular	812,539	(59,787)	752,752	740,698	12,054
Between home and school - special	152,837	53,231	206,068	201,973	4,095
Other than bet home and school	84,725	64,730	149,455	147,213	2,242
Other purchased professional and technical services	14,331		14,331	7,518	6,813
Cleaning repair and maint. services	151,254	(20,360)	130,894	99,333	31,561
Rental payments - school buses	5,000		5,000	3,000	2,000
Contracted services:					
Bet. Home & Sch. - vendors	4,854,825	(273,151)	4,581,674	4,542,438	39,236
Other than bet home & sch - vendors	618,188	(12,032)	606,156	595,928	10,228
Special Ed Stds- vendors	3,017,198	165,680	3,182,878	3,032,957	149,921
Special Ed Stds- joint agreements	50,470	138,524	188,994	176,784	12,210
Special Ed Stds- ESC's AND CTSA's	777,450	(138,400)	639,050	478,212	160,838
Aid in lieu of payments-Non-Public	199,404	28,000	227,404	216,448	10,956
Travel	2,472	1,020	3,492	1,931	1,561
Miscellaneous purchased services	45,121	1,567	46,688	2,187	44,501
Transportation supplies	254,100	(171,775)	82,325	55,315	27,010
Fuel expenses offset by Adv.		210,100	210,100	99,626	110,474
Other objects	5,010		5,010	1,360	3,650
Total student transportation services	11,122,773	(13,558)	11,109,215	10,479,664	629,551
Personal Services - Employee benefits - Unallocated					
Social security contributions	1,810,000	(30,000)	1,780,000	1,412,990	367,010
Other retirement contrib. - PERS	1,619,000	(30,000)	1,589,000	1,476,694	112,306
Other retirement contrib. - regular	40,000	8,000	48,000	42,217	5,783
Worker's compensation	1,200,000	317,394	1,517,394	437,394	1,080,000
Health benefits	24,205,000	(1,575,376)	22,629,624	20,866,026	1,763,598
Other employee benefits	55,000	13,000	68,000	18,737	49,263
Unused vacation payment to term/ret staff	407,000	254,104	661,104	661,104	
Total unallocated benefits	29,336,000	(1,042,878)	28,293,122	24,915,162	3,377,960
On-behalf payments:					
TPAF - Pension Contribution (non-budgeted)				10,156,903	(10,156,903)
TPAF - Post-Retirement Medical (non-budgeted)				6,560,128	(6,560,128)
TPAF - Long-Term Disability Insurance (non-budgeted)				12,760	(12,760)
Reimbursed TPAF social security contributions (non-budgeted)				5,187,992	(5,187,992)
Total on-behalf payments				21,917,783	(21,917,783)
Total undistributed expenditures	91,532,665	790,508	92,323,173	104,745,222	(12,422,049)
Total expenditures - current	160,698,742	1,316,615	162,015,357	172,704,530	(10,689,173)

West Windsor-Plainsboro Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Grades 1-5		\$ 8,846	\$ 8,846	\$ 8,846	
Grades 9-12	\$ 1,000,000	334	1,000,334	972,625	\$ 27,709
Special education - instruction:					
School sponsored and other instructional programs		13,885	13,885		13,885
Undistributed expenditures:					
Required maintenance for school facilities	52,313	60,086	112,399	112,399	
Support services-school buses - special		43,000	43,000	43,000	
School buses - regular		351,973	351,973	346,375	5,598
Total equipment	1,052,313	478,124	1,530,437	1,483,245	47,192
Facilities acquisition and construction services:					
Purchased professional and technical services	2,507,625	(1,749,771)	757,854		757,854
Construction services		17,232,949	17,232,949	2,334,090	14,898,859
Other objects - SDA assessment	40,062		40,062	40,062	
Total facilities and construction services	2,547,687	15,483,178	18,030,865	2,374,152	15,656,713
Total expenditures - capital outlay	3,600,000	15,961,302	19,561,302	3,857,397	15,703,905
Special schools:					
Adult education - local support services:					
Supplies and materials	9,286		9,286		9,286
Total adult education	9,286		9,286	-	9,286
Total special schools	9,286		9,286	-	9,286
Transfer of funds to charter schools	47,359	37,944	85,303	54,363	30,940
Total expenditures	164,355,387	17,315,861	181,671,248	176,616,290	5,054,958
Excess (deficiency) of revenues over (under) expenditures	2,598,212	(17,315,861)	(14,717,649)	14,728,892	(29,446,541)

West Windsor-Plainsboro Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses):					
Transfer in - capital projects funds				\$ 412,955	\$ 412,955
Capital reserve transfer to debt service - transfer out	\$ (7,449,807)		\$ (7,449,807)	(7,449,807)	
Capital reserve transfer to capital projects fund - transfer out	(2,425,000)	\$ 1,726,624	(698,376)		698,376
Total other financing sources (uses)	(9,874,807)	1,726,624	(8,148,183)	(7,036,852)	1,111,331
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(7,276,595)	(15,589,237)	(22,865,832)	7,692,040	30,557,872
Fund balances, July 1	60,171,883		60,171,883	60,171,883	
Fund balances, June 30	\$ 52,895,288	\$ (15,589,237)	\$ 37,306,051	\$ 67,863,923	\$ 30,557,872
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (9,541,572)		\$ (9,541,572)	\$ 4,210,027	\$ 13,751,599
Budgeted withdrawal from capital reserve	(9,874,807)	\$ (12,499,998)	(22,374,805)	(9,138,155)	13,236,650
Budgeted increase in capital reserve	12,139,784		12,139,784	15,697,406	3,557,622
Budgeted increase in maintenance reserve				12,001	12,001
Adjustment for prior year encumbrances		(3,089,239)	(3,089,239)	(3,089,239)	
Total	\$ (7,276,595)	\$ (15,589,237)	\$ (22,865,832)	\$ 7,692,040	\$ 30,557,872
Recapitulation of fund balance:					
Restricted Fund Balance:					
Excess surplus restricted for subsequent years expenditures				\$ 12,319,878	
Excess surplus - current year				11,037,912	
Capital reserve				20,144,606	
Maintenance reserve				1,424,178	
Emergency reserve				1,000,000	
Assigned to:					
Designated for subsequent years expenditures				1,100,000	
Year end encumbrances				16,135,836	
Unassigned fund balance				4,701,513	
				67,863,923	
Reconciliation to Government Funds Statements (GAAP):					
Last state aid payments not recognized on GAAP basis				(569,535)	
Fund balance per Governmental Funds (GAAP)				\$ 67,294,388	

West Windsor-Plainsboro Regional School District
Special Revenue Fund

Budgetary Comparison Schedule
Budgetary-Basis

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State sources	\$ 87,200	\$ 29,127	\$ 116,327	\$ 111,794	\$ (4,533)
Federal sources	2,097,824	1,108,133	3,205,957	2,406,043	(799,914)
Other sources	129,251	508,798	638,049	185,438	(452,611)
Total revenues	2,314,275	1,646,058	3,960,333	2,703,275	(1,257,058)
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	\$ 349,841	\$ 157,886	\$ 507,727	\$ 425,525	\$ 82,202
Other salaries for instruction	62,305	1,600	63,905	62,750	1,155
Purchased professional and technical services		152,288	152,288	68,816	83,472
Rentals		1,405	1,405	700	705
Tuition	1,366,425	414,089	1,780,514	1,446,470	334,044
General supplies	231,536	432,301	663,837	168,036	495,801
Textbooks	10,922	2,882	13,804	13,353	451
Other objects		24,135	24,135	13,561	10,574
Total instruction	2,021,029	1,186,586	3,207,615	2,199,211	1,008,404
Support services:					
Salaries of other professional staff		42,050	42,050	17,888	24,162
Employee benefits	129,348	18,203	147,551	126,133	21,418
Purchased professional and technical services	123,975	176,961	300,936	232,486	68,450
Purchased professional-educational services		75,000	75,000		75,000
Rentals	5,000		5,000	5,000	
Other purchased services	11,500	2,746	14,246	12,746	1,500
Travel		34,038	34,038	13,301	20,737
Supplies and materials	17,898	95,835	113,733	87,276	26,457
Other objects		840	840	174	666
Total support services	287,721	445,673	733,394	495,004	238,390
Capital outlay:					
Facilities acquisition and construction services:					
Instructional equipment	5,525	13,799	19,324	9,060	10,264
Total facilities acquisition and construction services	5,525	13,799	19,324	9,060	10,264
Total expenditures	2,314,275	1,646,058	3,960,333	2,703,275	1,257,058
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

West Windsor-Plainsboro Regional School District

Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 191,345,182	\$ 2,703,275
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current year		(59,949)
Prior year (net of cancellations)		15,648
State aid payments from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	539,105	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(569,535)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 191,314,752</u>	<u>\$ 2,658,974</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 176,616,290	\$ 2,703,275
Differences - Budgetary to GAAP:		
Encumbrances (net) 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.		<u>(44,301)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 176,616,290</u>	<u>\$ 2,658,974</u>

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APPENDIX C

FORM OF APPROVING LEGAL OPINION

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_____, 2019

The Board of Education of the
West Windsor-Plainsboro Regional
School District, New Jersey

Dear Board Members:

We have acted as bond counsel to The Board of Education of the West Windsor-Plainsboro Regional School District, New Jersey (the “Board of Education”) in connection with the issuance by the Board of Education of \$79,875,000 School Bonds dated the date hereof (the “Bonds”). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to (i) Title 18A, Education, Chapter 24 of the New Jersey Statutes, (ii) a proposal adopted by the Board of Education on August 21, 2018 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on November 6, 2018, and (iii) a resolution duly adopted by the Board of Education on August 27, 2019. The Bonds are secured under the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c.72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003).

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Board of Education, and the Board of Education has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the school district for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Board of Education has covenanted in its Arbitrage and Tax Certificate (the “Certificate”) to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive

to the date of issuance of the Bonds. In the event that the Board of Education continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Board of Education in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,