

BOARD OF EDUCATION

**BOROUGH OF FOLSOM
SCHOOL DISTRICT**

County of Atlantic
Folsom, New Jersey



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

BOROUGH OF FOLSOM BOARD OF EDUCATION

**County of Atlantic
Folsom, New Jersey**

**Prepared By
Borough of Folsom Board of Education
Finance Department**

BOROUGH OF FOLSOM SCHOOL DISTRICT

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INTRODUCTORY SECTION

FOLSOM BOARD OF EDUCATION

1357 Mays Landing Road
Folsom, New Jersey 08037

Honorable President and
Members of the Board of Education
Borough of Folsom School District
County of Atlantic
Folsom, New Jersey

The comprehensive annual financial report of the Borough of Folsom School District (District) for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections:

- The Introductory Section includes this transmittal letter, the District's organizational chart and a roster of officials.
- The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section in which the District is required to undergo an annual single audit in conformity with the Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", and State of New Jersey OMB's Circulars 04-04 and 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the Governmental Standards Board (GASB). All funds of the District are included in this report. The Borough of Folsom Board of Education and all its schools constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for students with disabilities. The District completed the 2014-2015 fiscal year with an enrollment of 419 students. The following charts the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Increase/(Decrease)</u>
2014-2015	419	(3.6%)
2013-2014	435	2.6%
2012-2013	424	1.4%
2011-2012	418	3.7%
2010-2011	403	1.0%
2009-2010	399	(1.9%)
2008-2009	407	(2.4%)
2007-2008	417	6.5%
2006-2007	391	(2.9%)
2005-2006	403	6.9%

2) ECONOMIC CONDITION AND OUTLOOK

The current economic condition of the District is stable due to the state aid revenue generated by the Interdistrict Public School Choice program. .

Increased mobility in resident enrollment is expected to continue due to economic and social factors similar to the experience in neighboring districts, however, resident enrollment is not expected to increase due to limitations on growth in the Borough of Folsom influenced by restrictions of the NJ Pinelands Protection Act. New Choice student intake is primarily in grades K and 1.

3) MAJOR INITIATIVES

The District has continued to purchase and install upgraded hardware and software, in accordance with the adopted Technology Plan. The district continues to move toward more digital content for core instruction and to support specific student learning needs, such as Accelerated Reader, Learning Ally, Reading A-Z, Discovery Education, and Safari Montage. Smart Projectors/Boards, document cameras, and student computers with Wi-Fi internet access, provide access to online Math, Science, and Social Studies resources. Study Island, Reading Eggs, Reflex Math, and MAP are web-based resources that help prepare students for Next Generation Assessments such as PARCC.

The district uses Realtime for Student Information System, Teacher Evaluation, Student Support management (IEP, I&RS, 504), and Notification systems (formerly Connect-ED). Teachers use OnCourse for digital submission of Lesson Plans and individual teacher web-pages.

Curriculum – teachers revise all content areas of the curriculum which were adopted across grades Pk through 8 in the Curriculum Portal with the guidance of the Director of Curriculum & Instruction. Both ELA and Math curricula are completely aligned to the Common Core Standards (2010). Science in Grades 5-8 have been aligned to the Next Generation Science Standards (2014). Additions to the Visual & Performing Arts (2014) and 21st Century Career Standards in grades 6-8 have also been completed.

College and Career ready standards are integrated throughout grades PK-5 instruction, with additional programs such as Junior Achievement and the TAG Enrichment program. In grades 6 through 8, 21st century skills and college and career readiness are supported through the following programs: Technology, Engineering, and Design; Ceramics; Digital Photography; Journalism; Financial Literacy; Minecraft; Graphic Design; and Let Me Learn.

Programs – All regular and extracurricular programs were maintained. The Talented and Gifted Program (TAG) provides enrichment learning activities for students who meet the selection criteria for participation. Basic Skills instruction, supported by Title I funding, is provided through a “push-in” model in grades 2 through 5, or small group Project Read or Orton Gillingham instruction for identified students. Grades 1-8 inclusion classes support students with IEPs through a co-teaching instructional model with both a General Education and Special Education teacher in the classroom. Two co-teachers in the Grade 1 non-inclusion classroom support transitional learners from the developmentally appropriate Kindergarten program to the increased rigor of the first grade curriculum.

4) INTERNAL ACCOUNTING CONTROLS

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

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

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds explained in "Notes to the Financial Statements".

7) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9) OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Preziosi Nicholson & Associates, PA was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", and State of New Jersey OMB's Circulars 04-04 and 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS

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

Respectfully submitted,

Evelyn G. Browne

Evelyn G. Browne
Superintendent

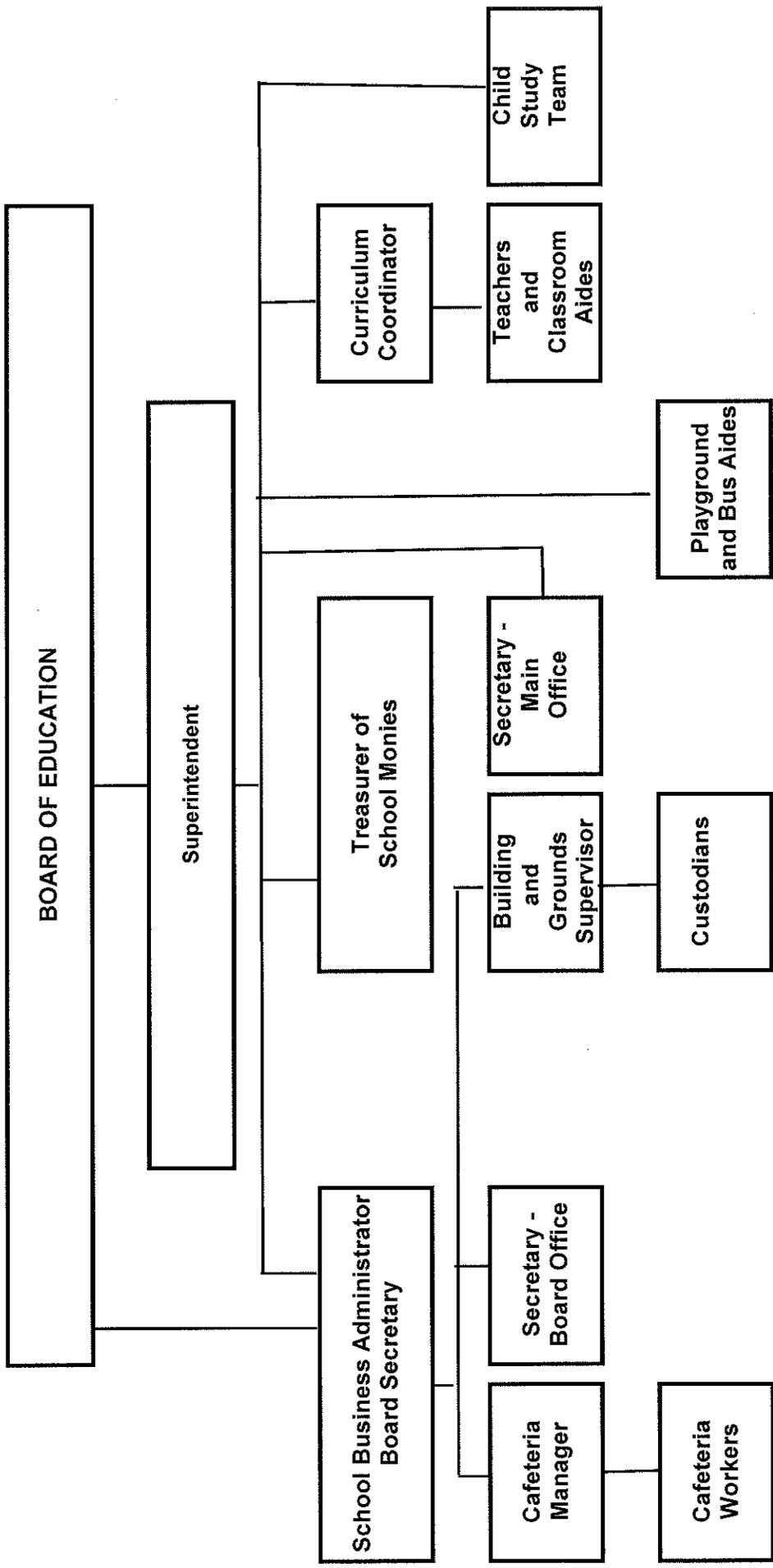
Christopher R. Veneziani

Christopher R. Veneziani
Business Administrator/Board Secretary

BOROUGH OF FOLSOM SCHOOL DISTRICT

County of Atlantic
Folsom, New Jersey

ORGANIZATIONAL CHART



BOROUGH OF FOLSOM SCHOOL DISTRICT

**County of Atlantic
Folsom, New Jersey**

ROSTER OF OFFICIALS

June 30, 2015

Members of the Board of Education		Term Expires
Glenn A. Smith	President	2017
Lisa O'Toole	Vice-President	2015
Debra Levey	Board Member	2017
Thomas Beamer	Board Member	2017
Marisa Scibilia	Board Member	2016
Daria Destefano	Board Member	2015
Andrea Way	Board Member	2016

Other Officials

Evelyn C. Browne	Superintendent
Christopher R. Veneziani	Business Administrator/Board Secretary
Beverly Mateo	Treasurer

BOROUGH OF FOLSOM SCHOOL DISTRICT

Consultants and Advisors

Attorney

William Cappuccio, Esquire
PO Box 107
Hammonton, New Jersey 08037

Audit Firm

James M. Preziosi, MS, CPA, PSA
Preziosi Nicholson & Associates, P.A.
Certified Public Accountants
1101 Wheaton Avenue
Suite 100
Millville, New Jersey 08332

Official Depository

Bank of America
209 Bellevue Avenue
Hammonton, New Jersey 08037

Risk Management Consultant

D'Agostino Agency
105 N. White Horse Pike
Hammonton, New Jersey 08037

FINANCIAL SECTION

PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
Borough of Folsom School District
County of Atlantic
Folsom, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Borough of Folsom School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School 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.

Auditor's 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Folsom School District in the County of Atlantic, State of New Jersey as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity 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 the management's discussion and analysis and budgetary comparison information along with notes to supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Folsom School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2015 on our consideration of the Borough of Folsom School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Folsom School District's internal control over financial reporting and compliance.

PREZIOSI • NICHOLSON & ASSOCIATES

Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

September 16, 2015
Millville, NJ

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

BOROUGH OF FOLSOM SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

This section of the Borough of Folsom Board of Education School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2015 are as follows:

Exhibit A-1

Net Position for Governmental and Business-Type activities were \$7,829,306 and \$156,894, respectively

Exhibit A-2

Net Position for both activities decreased by \$31,999.

Exhibit B-1

The General Fund, fund balance as of June 30, 2015 was \$2,901,899 a decrease of \$93,988. when compared with the beginning balance as of July 1, 2014 of \$2,995,887.

Exhibit I-1

The District's outstanding bonded debt at June 30, 2015 is \$1,665,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of:

- Independent Auditors' Report
- Required Supplementary Information
- Basic Financial Statements
- Notes to the Financial Statements
- Other Supplementary Information

The basic financial statements include two kinds of statements that present different views of the District.

District-Wide Financial Statements

- District-wide financial statements provide both short-term and long-term information about the District's overall financial status.

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or *position*. The district-wide financial statements include the *Governmental Activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

BOROUGH OF FOLSOM SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

Fund Financial Statements

- Fund financial statements focus on the individual parts of the District, reporting operations in more detail than the district-wide financial statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities that the District operates like businesses.
- Fiduciary funds statements provide information about the financial relationship in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The fund financial statements provide more detailed information about the District's most significant funds. The District has three kinds of funds:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary Funds* - Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary Funds* - The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

BOROUGH OF FOLSOM SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The difference between the District's assets and liabilities is its net position.

Comparative Summary of Net Position	Governmental Activities		Business-Type Activities	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Assets				
Current and Other Assets	\$ 3,212,969	\$ 3,067,305	\$ 81,201	\$ 100,625
Capital Assets; net	<u>7,921,419</u>	<u>7,994,745</u>	<u>102,565</u>	<u>105,675</u>
Total Assets	<u>11,134,388</u>	<u>11,062,050</u>	<u>183,766</u>	<u>206,300</u>
Deferred Outflows of Resources	<u>123,320</u>	<u>54,358</u>		
Liabilities				
Current Liabilities	483,535	234,884	28,872	38,382
Long-Term Liabilities	<u>2,871,327</u>	<u>3,031,243</u>		
Total Liabilities	<u>3,354,862</u>	<u>3,266,127</u>	<u>28,872</u>	<u>38,382</u>
Deferred Inflows of Resources	<u>73,539</u>			
Net Position				
Invested in Capital Assets, Net of Debt	6,256,419	6,100,073	102,735	105,675
Restricted	2,908,823	3,312,451		
Unrestricted	<u>(1,335,935)</u>	<u>(1,562,243)</u>	<u>54,159</u>	<u>62,243</u>
TOTAL NET POSITION	<u>\$ 7,829,307</u>	<u>\$ 7,850,281</u>	<u>\$ 156,894</u>	<u>\$ 167,918</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

DISTRICT-WIDE FINANCIAL ANALYSIS

Change in Net Position

	Governmental Activities		Business-Type Activities	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
COMPARATIVE SUMMARY OF CHANGE IN NET POSITION				
Program Revenues				
Charges for Services	\$ -	\$ -	\$ 97,563	\$ 88,944
Grants and Contributions	1,716,171	1,170,246	104,331	109,974
General Revenues				
Property Taxes	1,780,009	1,800,667		
Grants and Entitlements	5,276,061	5,125,129		
Other	1,026	37,316	26	18
Total Revenues	<u>8,773,267</u>	<u>8,133,358</u>	<u>201,920</u>	<u>198,936</u>
Program Expenses				
Instruction	4,088,617	3,389,379		
Support Services	4,331,486	3,867,913		
Unallocated Depreciation	271,879	264,647		
Interest on Debt	57,934	100,781		
Debt Service Assessment	44,325	44,325		
Enterprise			212,944	217,970
Total Expenses	<u>8,794,241</u>	<u>7,667,042</u>	<u>212,944</u>	<u>217,970</u>
Change in Net Position	(20,974)	466,316	(11,024)	(19,034)
Transfers				
Net Position, July 1	<u>7,850,281</u>	<u>7,383,965</u>	<u>167,918</u>	<u>186,952</u>
Net Position, June 30	<u>\$ 7,829,307</u>	<u>\$ 7,850,281</u>	<u>\$ 156,894</u>	<u>\$ 167,918</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As of the end of the current fiscal year, the District's governmental funds reported combining ending fund balances of:

	June 30, 2015	June 30, 2014	Change
Restricted			
Capital Reserve	\$ 999,873	\$ 639,731	\$ 360,142
Maintenance	328,940	328,940	
Emergency	250,000	250,000	
Debt Service	10,295	10,295	
Excess Surplus	,281,250	1,853,605	(572,355)
Assigned			
Encumbrances	38,465	229,880	(191,415)
Budget			-
Unassigned			
General Fund	3,371	(306,269)	309,640
Total	\$ 2,912,194	\$,006,182	\$ 93,988)

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

	Original	Revised	Expended
General Fund	\$ 8,141,661	\$ 8,376,061	\$ 7,248,438

BOROUGH OF FOLSOM SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the School District had \$12,164,430 invested in land, building, furniture and equipment. Cost of capital assets increased by \$198,553 from fiscal year 2014 to fiscal year 2015. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At the end of fiscal year 2015, the School District had \$1,744,784 of outstanding debt. Of this amount, \$79,784 is for compensated absences and \$1,665,000 is for general obligation bonds. Additional information on the District's long-term obligations can be found in the notes the basic financial statements of this report.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a summary of the financial condition of School District. Questions concerning any of the information provided in this report should be addressed to:

School Business Administrator/Board Secretary
Borough of Folsom School District
1357 Mays Landing Road
Folsom, NJ 08037
609.561.8666

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF FOLSOM SCHOOL DISTRICT

Statement of Net Position
June 30, 2015

See Accompanying Notes to the Basic Financial Statements

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,437,599.72	\$ 69,739.07	\$ 1,507,338.79
Accounts Receivable			
Interfunds Receivable	186,776.86		186,776.86
State of New Jersey	9,780.28	134.76	9,915.04
Federal Government		6,876.84	6,876.84
Inventory		4,449.92	4,449.92
Restricted Assets			
Cash Reserve Accounts	1,578,812.42		1,578,812.42
Capital Assets, Net	7,921,418.73	102,565.24	8,023,983.97
Total Assets	11,134,388.01	183,765.83	11,318,153.84
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	123,320.00		123,320.00
LIABILITIES			
Liabilities			
Accounts Payable	133,545.94	7,324.20	140,870.14
Accrued Interest Payable	12,760.42		12,760.42
Interfunds Payable	167,228.95	19,547.91	186,776.86
Grantor Advances			-
Net Pension Liability	1,233,987.00		1,233,987.00
Noncurrent Liabilities			
Due Within One Year	170,000.00		170,000.00
Due Beyond One Year	1,637,339.98		1,637,339.98
Total Liabilities	3,354,862.29	26,872.11	3,381,734.40
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	73,539.00		73,539.00
NET POSITION			
Invested in Capital Assets, Net of Related Debt	6,256,418.73	102,734.75	6,359,153.48
Restricted For			
Debt Service	10,295.54		10,295.54
Other Purposes	2,898,527.85		2,898,527.85
Unrestricted	(1,335,935.40)	54,158.97	(1,281,776.43)
Total Net Position	\$ 7,829,306.72	\$ 156,893.72	\$ 7,986,200.44

BOROUGH OF FOLSOM SCHOOL DISTRICT

Statement of Activities

For The Fiscal Year Ended June 30, 2015

See Accompanying Notes to the Basic Financial Statements

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction						
Regular	\$ 3,192,427.59	\$ -	\$ 911,540.23	\$ (2,280,887.35)	\$ -	\$ (2,280,887.35)
Special Education	699,065.18		415,666.61	(283,398.57)		(283,398.57)
School Sponsored Activities	43,390.91			(43,390.91)		(43,390.91)
Other Special	153,733.70			(153,733.70)		(153,733.70)
Support Services						
Tuition	1,618,984.72			(1,618,984.72)		(1,618,984.72)
Student and Instruction	1,136,298.84		260,912.19	(875,386.66)		(875,386.66)
General Administration	201,586.28		40,311.65	(161,274.62)		(161,274.62)
School Administrative	201,074.14		40,209.24	(160,864.90)		(160,864.90)
Central Services	132,942.15			(132,942.15)		(132,942.15)
Administrative Information Technology	-					
Plant Operations and Maintenance	528,336.91		47,531.00	(480,805.91)		(480,805.91)
Pupil Transportation	512,263.06			(512,263.06)		(512,263.06)
Other Support Services						
Debt Service Assessment	44,325.00			(44,325.00)		(44,325.00)
Interest on Long-Term Debt	57,934.30			(57,934.30)		(57,934.30)
Unallocated Depreciation	271,879.06			(271,879.06)		(271,879.06)
Total Governmental Activities	8,794,241.83	-	1,716,170.92	(7,078,070.91)	-	(7,078,070.91)
Business-Type Activities						
Food Service	205,459.41		104,331.21	(101,128.20)	(12,732.22)	(12,732.22)
Community Programs	7,484.47				1,681.81	1,681.81
Total Business-Type Activities	212,943.88		104,331.21	(108,616.99)	(11,050.41)	(11,050.41)
Total Primary Government	\$ 9,007,185.71	\$ 97,562.26	\$ 1,820,502.13	(7,078,070.91)	(11,050.41)	(7,089,121.32)
General Revenues						
Taxes:						
Property Taxes, Levied for General Purposes				1,553,959.00		1,553,959.00
Taxes Levied for Debt Service				226,050.00		226,050.00
Unrestricted Federal and State Aid				5,276,061.00		5,276,061.00
Investment Earnings				757.48	25.95	783.43
Other Income				268.69		268.69
Total General Revenues And Transfers				7,057,096.17	25.95	7,057,122.12
Change in Net Position				(20,974.74)	(11,024.46)	(31,999.20)
Net Position, July 1				7,850,281.46	167,918.18	8,018,199.64
Net Position, June 30				\$ 7,829,306.72	\$ 156,893.72	\$ 7,986,200.44

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOROUGH OF FOLSOM SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2015

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS					
Cash and Cash Equivalents	\$ 1,260,075.23	\$ 167,228.95	\$ -	\$ 10,295.54	\$ 1,437,599.72
Accounts Receivable					
Interfunds Receivable	186,776.86				186,776.86
State of New Jersey	9,780.28				9,780.28
Federal Government					-
Restricted Cash and Cash Equivalents	<u>1,578,812.42</u>				<u>1,578,812.42</u>
Total Assets	<u>\$ 3,035,444.79</u>	<u>\$ 167,228.95</u>	<u>\$ -</u>	<u>\$ 10,295.54</u>	<u>\$ 3,212,969.28</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 133,545.94	\$ -	\$ -	\$ -	\$ 133,545.94
Grantor Advances					-
Interfunds Payable		<u>167,228.95</u>			<u>167,228.95</u>
Total Liabilities	<u>133,545.94</u>	<u>167,228.95</u>	<u>-</u>	<u>-</u>	<u>300,774.89</u>
FUNDS BALANCES					
Restricted					
Emergency Reserve	250,000.00				250,000.00
Capital Reserve	999,872.92				999,872.92
Maintenance Reserve	328,939.50				328,939.50
Excess Surplus					
Designated for Subsequent Year	536,511.08				536,511.08
Current Year	744,739.37				744,739.37
Debt Service Fund				10,295.54	10,295.54
Assigned					
Designated for Subsequent Year					-
Other Purposes	38,464.98				38,464.98
Unassigned	<u>3,371.00</u>				<u>3,371.00</u>
Total Fund Balance	<u>2,901,898.85</u>	<u>-</u>	<u>-</u>	<u>10,295.54</u>	<u>2,912,194.39</u>
Total Liabilities and Fund Balances	<u>\$ 3,035,444.79</u>	<u>\$ 167,228.95</u>	<u>\$ -</u>	<u>\$ 10,295.54</u>	<u>\$ 3,212,969.28</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2015

Total Governmental Fund Balances	\$ 2,912,194.39
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds and consist of:	
Cost of Capital Assets	12,036,130.30
Accumulated Depreciation	(4,114,711.57)
Bond issuance premiums are recorded as revenue in the Governmental Funds in the year of receipt. The premiums are amortized over the life of the issued bonds.	
	(62,555.70)
Deferred Outflows related to pension contributions subsequent to the Net Position Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements	
	123,320.00
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements	
	(73,539.00)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the fund statements	
	(1,233,987.00)
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term liabilities consist of:	
Accrued Interest	(12,760.42)
Bond Payable	(1,665,000.00)
Compensated Absences Payable	(79,784.28)
	\$ 7,829,306.72
Total Net Position - Governmental Activities	\$ 7,829,306.72

BOROUGH OF FOLSOM SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenses and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2015

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,553,959.00	\$ -	\$ -	\$ 226,050.00	\$ 1,780,009.00
Interest Earned	757.48				757.48
Miscellaneous	268.69				268.69
	<u>1,554,985.17</u>	-	-	226,050.00	1,781,035.17
Federal Sources		225,368.95			225,368.95
State Sources	<u>6,114,943.97</u>	<u>82,880.00</u>			<u>6,197,823.97</u>
Total Revenues	<u>7,669,929.14</u>	<u>308,248.95</u>	-	<u>226,050.00</u>	<u>8,204,228.09</u>
EXPENDITURES					
Current					
Regular Instruction	1,786,362.15	274,564.95			2,060,927.10
Special Education Instruction	452,302.94				452,302.94
School Sponsored Activities	43,390.91				43,390.91
Other Instruction	153,733.70				153,733.70
Support Services					
Tuition	1,618,984.72				1,618,984.72
Student and Instruction	701,513.98	33,684.00			735,197.98
General Administration	130,428.56				130,428.56
School Administrative	130,097.20				130,097.20
Central Services	132,942.15				132,942.15
Plant Operations and Maintenance	528,336.91				528,336.91
Pupil Transportation	512,263.06				512,263.06
Other Support Services					-
Employee Benefits	1,330,682.65				1,330,682.65
Debt Service					
Principal				160,000.00	160,000.00
Interest				66,050.00	66,050.00
Capital Outlay	<u>242,877.96</u>				<u>242,877.96</u>
Total Expenditures	<u>7,763,916.89</u>	<u>308,248.95</u>	-	<u>226,050.00</u>	<u>8,298,215.84</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(93,987.75)</u>	-	-	-	<u>(93,987.75)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of Refunding Bonds					-
Deposit to Refunding Fund					-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Changes in Fund Balance	(93,987.75)	-	-	-	(93,987.75)
Fund Balance, July 1	<u>2,995,886.60</u>	-	-	<u>10,295.54</u>	<u>3,006,182.14</u>
Fund Balance, June 30	<u>\$ 2,901,898.85</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,295.54</u>	<u>\$ 2,912,194.39</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For The Fiscal Year Ended June 30, 2015

See Accompanying Notes to the Basic Financial Statements

Total Net Change in Fund Balances - Governmental Funds	(B-2)	\$ (93,987.75)
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Amounts reported for Governmental Activities in the Statement of Activities 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 capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expense and Amortization	(271,879.06)
Capital Outlays	242,877.96
Debt Service Assessment Charged to Capital Outlay Non-Capital	(44,325.00)

Repayment of bond principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

Repayments of Debt	160,000.00
Amortization on Bond Premiums	7,115.70

Pension contributions are reported in governmental funds as expenditures. However in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumptions. This is the amount by which net pension liability and deferred inflows/outflows related to pensions changed during the period.

(14,656.00)

In the Statement of Activities, certain operating expenses, e.g., compensated absences 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).

(Increase) Decrease in Accrued Compensated Absences	(7,123.59)
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In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.

(Increase) Decrease in Accrued Interest	1,000.00
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Change in Net Position of Governmental Activities	\$ (20,977.74)
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PROPRIETARY FUNDS

BOROUGH OF FOLSOM SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2015

See Accompanying Notes to the Basic Financial Statements

	<u>Food Service</u>	<u>Community Program</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 63,434.69	\$ 6,304.38	\$ 69,739.07
Accounts Receivable			
State of New Jersey	134.76		134.76
Federal Government	6,876.84		6,876.84
Inventories	4,449.92		4,449.92
Total Current Assets	<u>74,896.21</u>	<u>6,304.38</u>	<u>81,200.59</u>
Noncurrent Assets			
Equipment	128,299.99		128,299.99
Less: Accumulated Depreciation	25,734.75		25,734.75
Total Noncurrent Assets	<u>102,565.24</u>	<u>-</u>	<u>102,565.24</u>
Total Assets	<u>177,461.45</u>	<u>6,304.38</u>	<u>183,765.83</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	7,324.20		7,324.20
Interfunds Payable	19,547.91		19,547.91
Total Current Liabilities	<u>26,872.11</u>	<u>-</u>	<u>26,872.11</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	102,734.75		102,734.75
Unrestricted	47,854.59	6,304.38	54,158.97
Total Net Position	<u>\$ 150,589.34</u>	<u>\$ 6,304.38</u>	<u>\$ 156,893.72</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Fiscal Year Ended June 30, 2015

See Accompanying Notes to the Basic Financial Statements

	Food Service	Community Program	Totals
OPERATING REVENUES			
Charges For Services			
Daily Sales			
Reimbursable Programs	\$ 58,814.70	\$ -	\$ 58,814.70
Non-Reimbursable Programs	29,581.28		29,581.28
Community Programs		9,166.28	9,166.28
Total Operating Revenue	<u>88,395.98</u>	<u>9,166.28</u>	<u>97,562.26</u>
OPERATING EXPENSES			
Cost of Sales	86,201.75		86,201.75
Salaries	82,530.00		82,530.00
Employee Benefits	24,037.74		24,037.74
Other Purchased Services		7,452.80	7,452.80
General Supplies	842.56	31.67	874.23
Depreciation	3,109.50		3,109.50
Other	8,737.86		8,737.86
Total Operating Expenses	<u>205,459.41</u>	<u>7,484.47</u>	<u>212,943.88</u>
Operating Income (Loss)	<u>(117,063.43)</u>	<u>1,681.81</u>	<u>(115,381.62)</u>
NONOPERATING REVENUES (EXPENSES)			
State Sources	1,702.01		1,702.01
State School Lunch and Breakfast Program			-
Federal Sources	93,323.62		93,323.62
National School Lunch and Breakfast Program	9,305.58		9,305.58
Food Distribution Program	14.89	11.06	25.95
Interest on Investments			
Total Nonoperating Revenues (Expenses)	<u>104,346.10</u>	<u>11.06</u>	<u>104,357.16</u>
Income (Loss) Before Contributions and Transfers	<u>(12,717.33)</u>	<u>1,692.87</u>	<u>(11,024.46)</u>
Capital Contributions			
Transfers In/(Out)			
Change in Net Position	<u>(12,717.33)</u>	<u>1,692.87</u>	<u>(11,024.46)</u>
Net Position, July 1	<u>163,306.67</u>	<u>4,611.51</u>	<u>\$ 167,918.18</u>
Net Position, June 30	<u>\$ 150,589.34</u>	<u>\$ 6,304.38</u>	<u>\$ 156,893.72</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2015

See Accompanying Notes to the Basic Financial Statements

	Food Service	Community Program	Totals
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts From Customers and Other Funds	\$ 88,395.98	\$ 9,166.28	\$ 97,562.26
Payments for Labor Costs	(106,567.74)		(106,567.74)
Payments to Suppliers	(97,693.42)	(7,484.47)	(105,177.89)
Net Cash Provided By (Used In) Operating Activities	<u>(115,865.18)</u>	<u>1,681.81</u>	<u>(114,183.37)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,715.42		1,715.42
Federal Sources	103,724.40		103,724.40
Operating Subsidies and Transfers	(10,125.10)		(10,125.10)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>95,314.72</u>	<u>-</u>	<u>95,314.72</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets			
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	14.89	11.06	25.95
Net Cash Provided By (Used In) Investing Activities	<u>14.89</u>	<u>11.06</u>	<u>25.95</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(20,535.57)	1,692.87	(18,842.70)
Cash and Cash Equivalents, July 1	83,970.26	4,611.51	88,581.77
Cash and Cash Equivalents, June 30	<u>\$ 63,434.69</u>	<u>\$ 6,304.38</u>	<u>\$ 69,739.07</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Operating Income (Loss)	(117,063.43)	1,681.81	\$ (115,381.62)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Depreciation	3,109.50		3,109.50
(Increase) Decrease			
Accounts Receivable			
Inventories	(526.86)		(526.86)
Other Current Assets			
Increase (Decrease)			
Accounts Payable	(1,384.39)		(1,384.39)
Accrued Expenses			
Net Cash Provided By (Used In) Operating Activities	<u>(115,865.18)</u>	<u>1,681.81</u>	<u>\$ (114,183.37)</u>

FIDUCIARY FUNDS

BOROUGH OF FOLSOM SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015

See Accompanying Notes to the Basic Financial Statements

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 4,962.91	\$ 24,565.56
Total Assets	4,962.91	24,565.56
LIABILITIES		
Due to Student Groups		24,565.56
Total Liabilities	-	24,565.56
NET POSITION		
Held in Trust	4,962.91	
Total Net Position	\$ 4,962.91	\$ -

BOROUGH OF FOLSOM SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For The Fiscal Year Ended June 30, 2015

See Accompanying Notes to the Basic Financial Statements

	Unemployment Compensation Trust
ADDITIONS	
Contributions	\$ 15,881.79
Board Contributions	-
Total Contributions	15,881.79
Investment Earnings	
Interest	0.55
Total Investment Earnings	0.55
Total Additions	15,882.34
DEDUCTIONS	
Quarterly Contribution Reports	4,589.83
Unemployment Claims	9,481.94
Total Deductions	14,071.77
Change in Net Position	1,810.57
Net Position, July 1	3,152.34
Net Position, June 30	\$ 4,962.91

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Borough of Folsom School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative controls of the District.

The financial statements of the Board of Education (Board) of the Borough of Folsom School District (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

Description of the Reporting Entity

The Borough of Folsom School District (hereafter referred to as the "District") is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three year terms. The purpose of the District is to provide educational services for students in grades K-8. Students in grades 9-12 attend the Hammonton High School.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- ✓ The organization is legally separate (can sue or be sued in their own name)
- ✓ The District holds corporate powers of the organization
- ✓ The District appoints a voting majority of the organization's Board
- ✓ The District is able to impose its will on the organization
- ✓ The organization has the potential to impose a financial benefit/burden on the District
- ✓ There is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

Government-Wide and Fund Financial Statements

The District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for support.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the District to not allocate indirect expenses to functions in the statement of activities. 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 or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues

In regards to the fund financial statements, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. 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 claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year 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 cash is received by the District.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It 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.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

General Fund (Cont'd)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted 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 expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes or serial bonds 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 is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Proprietary funds are used to account for the District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the District.

Community Programs Fund – This fund accounts for the financial transactions related to the community programs operated by the District.

Fiduciary funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District. The fiduciary fund category is split into four classifications; pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, the District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November 2012, to be held simultaneously with the general election. As a result, a vote is not required on the District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C.6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the District does not report encumbrances outstanding at fiscal year end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the last state aid payment.

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at 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. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of 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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

Short-Term Interfund Receivables / Payables

Short-term 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. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of \$2,000.00. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method under the full month convention over the following estimated useful lives:

Asset Class	Estimated Useful
Land Improvements	10-20 Years
Building and Improvements	10-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-10 Years

Bond Premium

Bond premiums arising from the issuance of general obligation bonds are recorded as liabilities. They are amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. Bond premiums are presented as an adjustment of the face amount of the bonds.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. 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 District and its employees is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensate absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary funds financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the financial statements when due.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balance (Continued)

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which, for the District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other government 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 an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the District to spend fund balances, if appropriated, in the following order: committed, assigned, and then unassigned.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchanged transactions between funds are reported as revenues in the seller funds and as expenditure / expense in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates

Recent Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Post-employment Benefit Plans Other than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Post-employment Benefit Plans Other than Pensions ". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the District's financial reporting.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Districts' deposits might not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the District relative to the happening of a future condition. Such funds are considered uninsured and uncollateralized.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 2 **CASH AND CASH EQUIVALENTS AND INVESTMENTS**
Custodial Credit Risk Related to Deposits (Continued)

As of June 30, 2015, the District's bank balances of \$3,570,380.42 were exposed to custodial credit risk as follows:

Insured FDIC	\$	250,000.00
Uninsured but collateralized with bank – GUDPA		3,320,380.42
	\$	3,570,380.42

NOTE 3 **RESERVE ACCOUNT**

Capital Reserve

A capital reserve account was established by the District 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. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by 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. 6:23 A-5.1(d) 7, the balance in the account cannot at any time exceed the support costs of uncompleted capital projects in its approved LRFP.

Maintenance Reserve

Maintenance reserve accounts may be established by New Jersey school districts for the accumulation of funds for the use of required maintenance of a facility. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Emergency Reserve

Emergency reserve accounts may be established by New Jersey school districts for the accumulation of funds for the use of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S. A. 18A:7F-41c(1).

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 3 RESERVE ACCOUNT

The activity of the reserve accounts for the year is as follows:

Beginning Balance; July 1, 2014	\$	1,218,670.38
Deposits		
Interest Earned		142.04
Board Approval		360,000.00
Withdrawals		
Approved at Election		.00
Ending Balance; June 30, 2015	\$	1,578,812.42

Allocation of Reserve Account at June 30, 2015:

Emergency Reserve	\$	250,000.00
Maintenance Reserve		328,939.50
Capital Reserve		999,872.92
	\$	1,578,812.42

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Facility and Improvements	\$ 11,196,239.15	\$ 191,294.96	\$	\$ 11,387,534.14
Equipment	641,338.16	7,258.00	.	648,596.16
Total at Historical Cost	11,837,577.34	198,552.96		12,036,130.30
Accumulated Depreciation	3,842,832.51	271,879.06	.	4,114,711.57
Capital Assets, Net	\$ 7,994,744.83	\$(73,326.10)	\$	\$ 7,921,418.73
Business-Type Activities				
Equipment	\$ 128,299.99	\$	\$	\$ 128,299.99
Total at Historical Cost	128,299.99			128,299.99
Accumulated Depreciation	22,625.25	3,109.50	.	25,734.75
Capital Assets, Net	\$ 105,674.74	\$(3,109.50)	\$ 0.00	\$ 102,565.24

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 5 LONG-TERM OBLIGATIONS

During the year ended June 30, 2015 the following changes occurred in long-term liabilities payable:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Compensated Absences	\$ 72,660.69	\$ 7,123.59	\$	\$ 79,784.28
Bonds	1,825,000.00		160,000.00	1,665,000.00
Unamortized Premium	69,671.40		7,115.70	62,555.70
Capital Assets, Net	\$ 1,967,332.09	\$ 7,123.59	\$ 167,115.70	\$ 1,807,339.98

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired within the statutory period of usefulness.

Principal and interest due on bonds outstanding are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 170,000.00	\$ 60,890.00	\$ 230,890.00
2017	170,000.00	56,150.00	226,150.00
2018	180,000.00	49,350.00	229,350.00
2019	180,000.00	42,150.00	222,150.00
2020	185,000.00	36,750.00	221,750.00
Thereafter	780,000.00	79,400.00	859,400.00
	\$ 1,665,000.00	\$ 324,690.00	\$ 1,989,690.00

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6 PENSION PLANS

Description of Plans

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

Teacher's Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement, death, and disability, and medical benefits to certain qualified members. The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees at the Department of Education who have titles that are unclassified, professional and certified.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the District employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployed contributing entity. Since the District (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the District. However, the State's portion of the net pension liability that was associated with the District was \$12,857,003 as measured on June 30, 2014 and \$12,054,695 as measured on June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$691,827 and revenue of \$691,827 for support provided by the State. The measurement period for the pension expense and revenue reported in the District's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon changes in the collective net pension liability between July 1, 2013 and June 30, 2014.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6

PENSION PLANS

Teacher's Pension and Annuity Fund (TPAF) (Continued)

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

	June 30, 2014	2013
Collective Deferred Outflows of Resources	\$ 2,306,623,861	
Collective Deferred Inflows of Resources	\$ 1,763,205,593	
Collective Net Pension Liability		
Nonemployer-State of New Jersey	\$ 53,446,745,367	\$ 50,539,213,484
State's Portion of the Net Pension Liability		
Associated with the District	\$ 12,857,003	\$ 12,054,695
State's Portion of Net Pension Liability		
Associated with the District as a		
Percentage of the Collective Net Pension		
Liability	0.0240557%	0.0238522%

Actuarial Assumptions – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases	
2012 – 2021:	Varies based on Experience
Investment Rate of Return:	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6

PENSION PLANS

Teacher's Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plans investments of 7.9% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, 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 current member contribution rates and that contributions from employers (State of New Jersey) will be made based on an average of the last five years. Based on those assumption, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit pay.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6

PENSION PLANS

Teacher's Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of the District's proportionate share of net pension liability to change in the discount rate – Since the District has no proportionate share in the net person liability of the special funding situation, the District would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pesion/pdf/financial/gasb68-tpaf15.pdf>.

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

Public Employees' Retirement System (PERS)

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

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

Persian Liabilities, Pension Expense, and Deferred Outflows of Recourses and Deferred Inflows of Resources Related to Pension - At June 30, 2015, the District reported a liability of \$1,233,987 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ration of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.00659% which was an increase of .00019% from its proportion measured as of June 30, 2013.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6

PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$68,990. At June 30, 2015, 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	\$ -	\$ -
Changes of Assumptins	38,803	
Net Differences Between Projected and Actual Earnings on Investments		73,539
Changes in Proportion and Differneces Between Contributions and Proportionate Share of Contributions	30,183	
District Contributions Subsequent to the Measurement Date	54,334	
Total	\$ 123,320	\$ 73,539

The amount of \$54,334 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30,	
2015	\$ (1,475)
2016	(1,475)
2017	(1,475)
2018	(1,475)
2019	935
Thereafter	412
	\$ (4,553)

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6

PENSION PLANS
Public Employees' Retirement System (PERS) (Continued)

	June 30,	
	2014	2013
Collective Deferred Outflows of Resources	\$ 952,194,675	
Collective Deferred Inflows of Resources	\$ 1,479,224,662	
Collective Net Pension Liability (Local Group)	\$ 18,722,735,003	\$ 19,111,986,911
District's Portion of Net Pension Liability	\$ 1,233,987	\$ 1,223,911
District's Proportion Percentage	0.0065908%	0.0064039%

Actuarial Assumptions – The total pension liability in the July 1, 2013 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation:	3.01%
Salary Increase:	
2012-2021	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Table (setback 1 year for females) with adjustments for, mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocations as of June 30, 2014 are summarized in the following table:

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6

PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate – The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, 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 average of the last five years of contributions made in relation to the five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that due date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of 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, 2014, calculated using the discount rate of 5.39%, 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 (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's Proportionate Share of Net Pension Liability	\$ 1,552,395	\$ 1,233,987	\$ 966,602

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6

PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home-shtml>.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program ("DCRP") established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 45:15C-1 et seq.). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with tax-sheltered, defined contribution retirement benefits, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

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

PERS and TPAF Vesting and Benefit Provisions

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

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

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.78% and the PERS rate is 6.78% of covered payroll.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6 **PENSION PLANS**
Contribution Requirements (Continued)

Three Year Trend Information for TPAF (Paid On-Behalf on the District)

Year of Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2015	\$ 122,791	100%
June 30, 2014	\$ 268,623	100%
June 30, 2013	\$ 328,398	100%

Three Year Trend Information for PERS

Year of Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2015	\$ 54,334	100%
June 30, 2014	\$ 48,252	100%
June 30, 2013	\$ 46,181	100%

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$317,721 to the TPAF for pension and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$197,757.97, during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund based statements as pension expense and the TPAF on-behalf amounts have been included in fund based statements as revenues and expenses. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB No. 68.

NOTE 7 **POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990,c.6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 8 DEFERRED COMPENSATION

The Board 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 the entities listed below, permits 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. The plan administrators are as follows:

L Lincoln Investment Planning, Inc.
 Sirscusa Benefits Programs

NOTE 9 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.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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 expendable trust fund for the current and previous two years:

Year Ended June 30,	District Contributions	Employee Contributions	Net Cost	Ending Balance
2015	\$.00	\$ 15,881.79	\$ 14,071.22	\$ 4,962.91
2014	\$ 12,536.63	\$ 11,192.24	\$ 23,110.02	\$ 3,152.34
2013	\$ 0.00	\$ 10,880.82	\$ 10,892.31	\$ 2,533.49

NOTE 10 INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 186,776.86	\$
Special Revenue Fund		167,228.95
Enterprise Fund		19,547.91
Total	<u>\$ 186,776.86</u>	<u>\$ 186,776.86</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 11 INVENTORY

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$	3,562.05
Supplies		<u>887.87</u>
		<u>\$ 4,449.92</u>

The value of Federal donated commodities as reflected on Schedule A is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 12 FUND BALANCES

Restricted

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes, such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the District's fund balance are summarized as follows:

General Fund

For Excess Surplus - 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 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 at June 30, 2015 is \$1,281,250.45.

For Capital, Maintenance and Emergency Reserve - As of June 30, 2015, the balance in the reserve accounts were \$1,578,812.42. These funds are restricted for future expenditures.

Debt Service Fund - The Debt Service Fund restricted fund balance at June 30, 2015 is \$10,295.54.

Assigned

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the District's fund balance are summarized as follows:

General Fund

Other Purposes - As of June 30, 2015, the District had \$38,464.98 of encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, as of the close of the fiscal year.

Unassigned

As stated in Note 1, the unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The District's unassigned fund balance is summarized as follows:

General Fund

The District has a fund balance of \$3,371.00 in the General Fund as of June 30, 2015

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 13 DEFICIT UNRESTRICTED NET POSITION

The governmental activities has a deficit in unrestricted net position of \$1,335,935.40. This deficit is attributable to the allocation of compensated absences balances payable, accrued interest payable and net pension liability to unrestricted net assets.

NOTE 14 CONTINGENT LIABILITIES

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

General

Per confirmation by the District's legal counsel, there are no material pending litigation, claims, assessments or contingent liabilities against the District.

NOTE 15 SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred as of September 16, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements and no items were noted for disclosure or adjustment.

NOTE 16 RETROACTIVE RESTATEMENT OF NET POSITION

The District adopted GASB No. 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the District to record its proportionate share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the District was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014, the restatement adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 – Pension Transaction for Contributions Made Subsequent to the Measurement Date, the District restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Net Position (A-1) - June 30, 2014	\$	9,019,834.46
Restatement of Net Pension Liability		(1,223,911.00)
Restatement of Deferred Outflows - Pension		54,358.00
	\$	7,850,281.46

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF FOLSOM SCHOOL DISTRICT

General Fund

Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,553,959.00	\$ -	\$ 1,553,959.00	\$ 1,553,959.00	\$ -
Interest Earned on Investments	500.00		500.00	757.48	257.48
Interest Earned on Capital Reserve Funds					
Miscellaneous				268.69	268.69
Total Local Sources	<u>1,554,459.00</u>	<u>-</u>	<u>1,554,459.00</u>	<u>1,554,985.17</u>	<u>526.17</u>
State Sources					
Equalization Aid	4,162,988.00		4,162,988.00	4,162,988.00	-
Special Education Categorical Aid	275,873.00		275,873.00	275,873.00	-
School Choice Aid	914,438.00		914,438.00	914,438.00	-
Nonpublic Transportation Aid		338.00	338.00	338.00	-
Categorical Security Aid	78,228.00		78,228.00	78,228.00	-
Extraordinary Aid		19,379.00	19,379.00	19,379.00	-
Transportation Aid	47,531.00		47,531.00	47,531.00	-
Adjustment Aid	50,568.00		50,568.00	50,568.00	-
Under Adequacy Aid	30,122.00		30,122.00	30,122.00	-
PARCC Readiness Aid	5,180.00		5,180.00	5,180.00	-
Per Pupil Aid	5,180.00		5,180.00	5,180.00	-
On-Behalf Non-Budgeted					
TPAF Pension (On-Behalf Non-Budgeted)				122,791.00	122,791.00
TPAF Post Retirement Medical (On-Behalf Non-Budgeted)				194,930.00	194,930.00
TPAF Social Security (Reimbursed Non-Budgeted)				197,757.97	197,757.97
Total State Sources	<u>5,570,108.00</u>	<u>19,717.00</u>	<u>5,589,825.00</u>	<u>6,105,303.97</u>	<u>515,478.97</u>
Total Revenues	<u>7,124,567.00</u>	<u>19,717.00</u>	<u>7,144,284.00</u>	<u>7,660,289.14</u>	<u>516,005.14</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
 General Fund
Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
Current Expense					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	212,849.00	7,000.00	219,849.00	216,403.40	3,445.60
Kindergarten - Salaries of Teachers	725,484.00	(9,666.72)	715,817.28	715,217.28	600.00
Grades 1-5 - Salaries of Teachers	487,704.00	2,666.72	490,370.72	475,864.16	14,506.56
Grades 6-8 - Salaries of Teachers					
Regular Programs - Home Instruction					
Salaries of Teachers	15,000.00		15,000.00		15,000.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	35,250.00	(5,000.00)	30,250.00	16,734.52	13,515.48
Purchased Technical Services	58,000.00	28,126.55	86,126.55	85,117.43	1,009.12
Other Purchased Services (400-500 series)	36,500.00	(5,000.00)	31,500.00	28,086.88	3,413.12
General Supplies	280,000.00	(10,000.00)	270,000.00	243,560.60	26,439.40
Textbooks	40,000.00	(21,280.82)	18,719.18	5,258.10	13,461.08
Other Objects	2,000.00		2,000.00	119.78	1,880.22
Total Regular Programs - Instruction	<u>1,892,787.00</u>	<u>(13,154.27)</u>	<u>1,879,632.73</u>	<u>1,786,362.15</u>	<u>93,270.58</u>
Resource Room/Resource Center					
Salaries of Teachers	446,465.00	6,017.94	452,482.94	452,302.94	180.00
General Supplies					
Total Resource Room/Resource Center	<u>446,465.00</u>	<u>6,017.94</u>	<u>452,482.94</u>	<u>452,302.94</u>	<u>180.00</u>
Total Special Education - Instruction	<u>446,465.00</u>	<u>6,017.94</u>	<u>452,482.94</u>	<u>452,302.94</u>	<u>180.00</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	138,735.00	14,998.70	153,733.70	153,733.70	-
Other Salaries for Instruction	<u>1,600.00</u>	<u>(1,200.00)</u>	<u>400.00</u>	<u>400.00</u>	<u>400.00</u>
Total Basic Skills/Remedial - Instruction	<u>140,335.00</u>	<u>13,798.70</u>	<u>154,133.70</u>	<u>153,733.70</u>	<u>400.00</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT

General Fund

**Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Co curricular Activities - Instruction					
Salaries	14,932.00		14,932.00	13,495.00	1,437.00
Other Objects	1,500.00		1,500.00		1,500.00
Transfers to Cover Deficit (Agency Funds)	15,000.00		15,000.00	8,662.74	6,337.26
Total School-Sponsored Co curricular Activities - Instruction	31,432.00	-	31,432.00	22,157.74	9,274.26
School-Sponsored Co curricular Athletics - Instruction					
Salaries	19,883.00		19,883.00	14,583.00	5,300.00
Purchased Services (300-500 series)	2,500.00		2,500.00	2,056.00	444.00
Other Objects	5,000.00		5,000.00	4,594.17	405.83
Total School-Sponsored Co curricular Athletics - Instruction	27,383.00	-	27,383.00	21,233.17	6,149.83
Total Instruction and At-Risk Programs	2,538,402.00	6,662.37	2,545,064.37	2,435,789.70	109,274.67
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	973,220.00	27,000.00	1,000,220.00	973,220.00	27,000.00
Tuition to Other LEAs Within the State - Special	91,661.00		91,661.00	91,661.00	-
Tuition to County Vocational School - Regular	149,504.00		149,504.00	149,504.00	-
Tuition to CSSD and Regional Day Schools	59,062.00		59,062.00	22,394.00	36,668.00
Tuition to Private Schools for the Disabled - Within State	512,000.00	(26,732.40)	485,267.60	382,205.72	103,061.88
Tuition - Other					
Total Undistributed Expenditures - Instruction	1,785,447.00	267.60	1,785,714.60	1,618,984.72	166,729.88
Undistributed Expenditures - Health Services					
Salaries	51,575.00	1,225.00	52,800.00	52,310.50	489.50
Purchased Professional and Technical Services	4,000.00	(1,000.00)	3,000.00	2,356.50	643.50
Other Purchased Services (400-500 series)	750.00	(225.00)	525.00		525.00
Supplies and Materials	5,000.00	(500.00)	4,500.00	4,020.31	479.69
Total Undistributed Expenditures - Health Services	61,325.00	(500.00)	60,825.00	58,687.31	2,137.69

BOROUGH OF FOLSOM SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Speech, OT, PT and Related Services					
Salaries	48,770.00	3,500.00	52,270.00	51,053.00	1,217.00
Purchased Professional - Educational Services	70,000.00	(12,869.45)	57,130.55	41,251.24	15,879.31
Supplies and Materials	2,000.00	1,000.00	3,000.00	1,634.39	1,365.61
Other Objects					-
Total Support Services - Speech, OT, PT and Related Services	120,770.00	(8,369.45)	112,400.55	93,938.63	18,461.92
Other Support Services - Students - Extraordinary					
Salaries	5,000.00	(2,500.00)	2,500.00	425.00	2,075.00
Total Support Services - Students - Extraordinary	5,000.00	(2,500.00)	2,500.00	425.00	2,075.00
Other Support Services - Students - Guidance					
Salaries	49,531.00		49,531.00	46,930.62	2,600.38
Total Support Services - Students - Guidance	49,531.00	-	49,531.00	46,930.62	2,600.38
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	224,541.00	4,091.87	228,632.87	228,632.87	-
Salaries of Secretarial and Clerical Assistants	28,700.00	591.17	29,291.17	29,291.17	-
Purchased Professional and Technical Services	6,000.00	(1,175.00)	4,825.00	4,118.05	706.95
Other Purchased Services (400-500 series)	1,000.00	(740.70)	259.30	259.30	-
Supplies and Materials	4,000.00	7,078.25	11,078.25	11,078.25	-
Total Undistributed Expenditures - Child Study Teams	264,241.00	9,845.59	274,086.59	273,379.64	706.95
Undistributed Expenditures - Improvement of Instructional Services					
Salaries of Supervisor of Instruction	82,000.00	0.08	82,000.08	82,000.08	-
Salaries of Other Professional Staff	2,000.00	(0.08)	1,999.92	31.56	1,968.36
Other Purchased Services (400-500 Series - Other Than 444)	1,500.00		1,500.00	291.59	1,208.41
Supplies and Materials					
Total Undistributed Expenditures - Improvement of Instructional Services	85,500.00	0.00	85,500.00	82,323.23	3,176.77

BOROUGH OF FOLSOM SCHOOL DISTRICT

General Fund

Budgetary Comparison Schedule

For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Educational Media Services/School Library					
Salaries	61,463.00		61,463.00	60,663.00	800.00
Salaries of Technology Coordinators	70,000.00		70,000.00	65,986.92	4,013.08
Purchased Professional and Technical Services	5,000.00	(1,000.00)	4,000.00	2,367.76	1,632.24
Supplies and Materials	5,000.00	1,378.73	6,378.73	6,174.47	204.26
Other Objects					
Total Undistributed Expenditures - Educational Media Services/School Library	141,463.00	378.73	141,841.73	135,192.15	6,649.58
Undistributed Expenditures - Instructional Staff Training Services					
Other Purchased Services (400-500 series)	55,000.00	(13,850.00)	41,150.00	10,637.40	30,512.60
Other Objects					
Total Undistributed Expenditures - Instructional Staff Training Services	55,000.00	(13,850.00)	41,150.00	10,637.40	30,512.60
Undistributed Expenditures - Support Services - General Administration					
Salaries	65,193.00	10,000.00	75,193.00	72,657.40	2,535.60
Legal Services	20,000.00		20,000.00	8,178.00	11,822.00
Audit Fees	15,000.00		15,000.00	8,500.00	6,500.00
Architectural/Engineering Services	15,000.00	(10,000.00)	5,000.00		5,000.00
Other Purchased Professional Services	4,000.00		4,000.00	3,608.68	391.32
Purchased Technical Services	9,000.00		9,000.00	5,556.30	3,443.70
Communications/Telephone	20,000.00		20,000.00	9,140.24	10,859.76
Board of Education Other Purchased Services					
Miscellaneous Purchased Services (400-500 Series Other Than 530/585)	39,500.00	(1,500.00)	38,000.00	16,721.71	21,278.29
General Supplies	5,000.00		5,000.00	511.24	4,488.76
Board of Education In-House Training/Meeting Supplies	5,000.00		5,000.00	124.08	4,875.92
Miscellaneous Expenditures	21,500.00	22,000.00	43,500.00	2,000.46	41,499.54
Board of Education Membership Dues and Fees	7,000.00		7,000.00	3,430.45	3,569.55
Total Undistributed Expenditures - Support Services - General Administration	226,193.00	20,500.00	246,693.00	130,428.56	116,264.44

BOROUGH OF FOLSOM SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals/Assistant Principals/Program Directors	59,043.00		59,043.00	48,237.60	10,805.40
Salaries of Secretarial and Clerical Assistants	66,600.00		66,600.00	55,806.75	10,793.25
Purchased Professional and Technical Services	10,000.00		10,000.00	10,000.00	10,000.00
Other Purchased Services (400-500 series)	26,500.00		26,500.00	2,849.56	23,650.44
Supplies and Materials	40,000.00		40,000.00	21,066.25	18,933.75
Other Objects	10,000.00	21,000.00	31,000.00	2,137.04	28,862.96
Total Undistributed Expenditures - Support Services - School Administration	212,143.00	21,000.00	233,143.00	130,097.20	103,045.80
Undistributed Expenditures - Central Services					
Salaries	108,395.00	0.08	108,395.08	101,880.52	6,514.56
Purchased Professional Services	19,400.00	2,207.55	21,607.55	6,859.55	14,748.00
Purchased Technical Services	26,000.00		26,000.00	17,926.50	8,073.50
Miscellaneous Purchased Services (400-500 Series)	3,500.00	(500.00)	3,000.00	2,515.76	484.24
Supplies and Materials	15,000.00	(1,000.00)	14,000.00	3,340.82	10,659.18
Miscellaneous Expenditures	5,000.00	17,500.00	22,500.00	419.00	22,081.00
Total Undistributed Expenditures - Central Services	177,295.00	16,207.63	193,502.63	132,942.15	62,560.48
Undistributed Expenditures - Required Maintenance for School Facilities					
Salaries	65,000.00		65,000.00	61,547.25	3,452.75
Cleaning, Repair, and Maintenance Services	50,000.00	(1,799.80)	48,200.20	21,094.60	27,105.60
Travel	1,000.00		1,000.00	181.97	818.03
General Supplies	25,000.00	8,947.72	33,947.72	21,822.58	12,125.14
Total Undistributed Expenditures -Required Maintenance for School Facilities	141,000.00	7,147.92	148,147.92	104,646.40	43,501.52

BOROUGH OF FOLSOM SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Custodial Services					
Salaries	103,661.00	(1,060.00)	102,601.00	96,775.38	5,825.62
Salaries of Non-Instructional Aides	10,000.00	1,060.00	11,060.00	11,060.00	-
Purchased Professional and Technical Services	20,000.00	2,200.00	22,200.00	21,380.09	819.91
Cleaning, Repair and Maintenance Services	40,000.00	20,455.00	60,455.00	52,361.64	8,093.36
Insurance	25,000.00	(15,000.00)	10,000.00	6,740.66	3,259.34
Travel					
Miscellaneous Purchased Services	2,500.00	(2,000.00)	500.00		500.00
General Supplies	20,000.00		20,000.00	12,252.11	7,747.89
Energy - Natural Gas	75,000.00	(58,500.00)	16,500.00	11,780.56	4,719.44
Energy - Electricity	100,000.00	15,000.00	115,000.00	112,748.19	2,251.81
Other Objects	500.00		500.00		500.00
Total Undistributed Expenditures - Custodial Services	396,661.00	(37,845.00)	358,816.00	325,098.63	33,717.37
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	50,000.00	(20,480.00)	29,520.00	13,866.64	15,653.36
Total Undistributed Expenditures - Care and Upkeep of Grounds	50,000.00	(20,480.00)	29,520.00	13,866.64	15,653.36
Undistributed Expenditures - Security					
Purchased Professional and Technical Services	30,000.00	65,000.00	95,000.00	84,725.24	10,274.76
Total Undistributed Expenditures - Security	30,000.00	65,000.00	95,000.00	84,725.24	10,274.76
Total Undistributed Expenditures - Operations & Maintenance Of Plant	617,661.00	13,822.92	631,483.92	528,336.91	103,147.01

BOROUGH OF FOLSOM SCHOOL DISTRICT

General Fund

Budgetary Comparison Schedule

For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Student Transportation Services					
Salaries For Pupil Transportation (Between Home and School) - Regular	8,265.00		8,265.00	6,755.00	1,510.00
Other Purchased Professional and Technical Services	6,000.00		6,000.00		6,000.00
Contracted Services - Aid In Lieu of Payment for Non-Public Students	20,000.00	(16,500.00)	3,500.00	884.00	2,616.00
Contracted Services - (Between Home and School) - Vendors	250,000.00		250,000.00	228,810.89	21,189.11
Contracted Services (Other than Between Home and School)-Vendors	25,000.00	880.00	25,880.00	8,542.00	17,338.00
Contracted Services - (Between Home and School) - Joint Agreements	28,000.00	10,000.00	38,000.00	32,268.67	5,731.33
Contracted Services - (Special Education Students) - Joint Agreements	225,000.00		225,000.00	203,515.74	21,484.26
Contracted Services - (Special Education Students) - ESCs and CTSA	60,000.00	(10,000.00)	50,000.00	31,486.76	18,513.24
General Supplies	2,500.00		2,500.00		2,500.00
Total Undistributed Expenditures - Student Transportation Services	624,765.00	(15,620.00)	609,145.00	512,263.06	96,881.94
Unallocated Benefits					
Group Insurance		3,000.00	3,000.00	2,587.00	413.00
Social Security Contributions	105,000.00		105,000.00	54,783.21	50,216.79
Other Retirement Contributions - Regular	75,000.00		75,000.00	54,334.00	20,666.00
Unemployment Compensation	32,936.00		32,936.00	5,000.00	27,936.00
Workmen's Compensation	27,000.00		27,000.00	15,240.67	11,759.33
Health Benefits	810,664.00	(20,000.00)	790,664.00	674,532.26	116,131.74
Tuition Reimbursement	15,000.00		15,000.00	8,726.54	6,273.46
Other Employee Benefits	15,000.00		15,000.00		15,000.00
Total Unallocated Benefits	1,080,600.00	(17,000.00)	1,063,600.00	815,203.68	248,396.32

BOROUGH OF FOLSOM SCHOOL DISTRICT

General Fund

Budgetary Comparison Schedule

For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-Behalf Contributions					
TPAF Pension (On-Behalf Non-Budgeted)				122,791.00	(122,791.00)
TPAF Post Retirement Medical (On-Behalf Non-Budgeted)				194,930.00	(194,930.00)
TPAF Social Security (Reimbursed Non-Budgeted)				197,757.97	(197,757.97)
Total On-Behalf Contributions	-	-	-	515,478.97	(515,478.97)
Total Personal Services - Employee Benefits	1,080,600.00	(17,000.00)	1,063,600.00	1,330,682.65	(267,082.65)
Total Undistributed Expenditures	5,506,934.00	26,183.02	5,533,117.02	5,085,249.23	447,867.79
Total Current Expense	8,045,336.00	32,845.39	8,078,181.39	7,521,038.93	557,142.46
Capital Outlay					
Non-Instructional Services					
Undistributed Expenditures					
Instruction		15,400.00	15,400.00		15,400.00
Required Maintenance of School Facilities		3,283.00	3,283.00	3,283.00	-
Total Non-Instructional Services	-	18,683.00	18,683.00	3,283.00	15,400.00
Facilities Acquisition and Construction Services					
Construction Services	52,000.00	182,871.34	234,871.34	195,269.96	39,601.38
Other Objects	44,325.00		44,325.00	44,325.00	-
Total Facilities Acquisition and Construction Services	96,325.00	182,871.34	279,196.34	239,594.96	39,601.38

BOROUGH OF FOLSOM SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
School Administration					
Assets Acquired Under Capital Leases (non-budgeted)					
Total Capital Outlay	96,325.00	201,554.34	297,879.34	242,877.96	55,001.38
TOTAL EXPENDITURES	8,141,661.00	234,399.73	8,376,060.73	7,763,916.89	612,143.84
Excess (Deficiency) of Revenues Over(Under) Expenditures	(1,017,094.00)	(214,682.73)	(1,231,776.73)	(103,627.75)	1,128,148.98
Other Financing Sources (Uses)					
Operating Transfer In (Out)					
Capital Reserve Transfer to Capital Projects					
Capital Leases (Non-Budgeted)					
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,017,094.00)	(214,682.73)	(1,231,776.73)	(103,627.75)	1,128,148.98
Fund Balance, July 1	3,552,155.60		3,552,155.60	3,552,155.60	
Fund Balance, June 30	\$ 2,535,061.60	\$ (214,682.73)	\$ 2,320,378.87	\$ 3,448,527.85	\$ 1,128,148.98

BOROUGH OF FOLSOM SCHOOL DISTRICT

General Fund

Budgetary Comparison Schedule

For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 999,872.92	
Maintenance Reserve				328,939.50	
Emergency Reserve				250,000.00	
Excess Surplus					
Designated for Subsequent Year's Expenditures				836,511.08	
Current Year				744,739.37	
Assigned Fund Balance					
Encumbrances				38,464.98	
Designated for Subsequent Year's Expenditures					
Unrestricted Fund Balance				<u>250,000.00</u>	
Reconciliation to Governmental Funds Statements (GAAP)				3,448,527.85	
Last State Aid Payment not Recognized on GAAP Basis				<u>(546,629.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,901,898.85</u>	

BOROUGH OF FOLSOM SCHOOL DISTRICT
 Special Revenue Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	\$ 82,880.00	\$ -	\$ 82,880.00	\$ 82,880.00	\$ -
Federal Sources	192,920.00	28,899.00	221,819.00	221,819.00	-
Total Revenues	275,800.00	28,899.00	304,699.00	304,699.00	-
EXPENDITURES					
Instruction					
Salaries of Teachers	109,064.00		109,064.00	109,064.00	-
Other Salaries for Instruction	19,600.00		19,600.00	19,600.00	-
Tuition	104,025.00	(2,462.00)	101,563.00	101,563.00	-
Supplies and Materials	30,000.00	668.00	30,668.00	30,668.00	-
Other Objects					
Total Instruction	262,689.00	(1,794.00)	260,895.00	260,895.00	-
Support Services					
Other Salaries		13,000.00	13,000.00	13,000.00	-
Personal Services - Employee Benefits	13,111.00	7,573.00	20,684.00	20,684.00	-
Purchased Professional Technical Services		10,120.00	10,120.00	10,120.00	-
Other Objects					
Total Support Services	13,111.00	30,693.00	43,804.00	43,804.00	-
Total Expenditures	275,800.00	28,899.00	304,699.00	304,699.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources					
Operating Transfers					
Total Other Financing Sources	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	\$ -				

**NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION**

BOROUGH OF FOLSOM SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For The Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (Budgetary Basis) revenue from the Budgetary Comparison Schedule	\$ 7,660,289.14	\$ 304,699.00
Difference - Budget to GAAP Grant accounting Budgetary Basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
Encumbrances		
June 30, 2014	-	3,549.85
June 30, 2015	-	
State Aid payment recognized for budgetary purposes, not recognized for GAAP purposes.		
State Aid Payment		
June 30, 2014	556,269.00	
June 30, 2015	(546,629.00)	
Total revenues as reported on the Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 7,669,929.14	\$ 308,248.85
Uses/Outflows of Resources		
Actual amounts (Budgetary Basis) total outflows from the Budgetary Comparison Schedule	\$ 7,763,916.89	\$ 304,699.00
Differences - Budget to GAAP Encumbrances for supplies and equipment ordered but not received are recorded in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Encumbrances		
June 30, 2014	-	3,549.85
June 30, 2015	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 7,763,916.89	\$ 308,248.85

BOROUGH OF FOLSOM SCHOOL DISTRICT
Required Supplementary Information
Pension Schedules
Note to RSI
For The Fiscal Year Ended June 30, 2015

Note B - Schedule of District's Proportionate Share of The Net Pension Liability

	<u>2014</u>	<u>2013</u>
Teachers' Pension and Annuity Fund (TPAF)		
District's Proportion of the Net Pension Liability (Asset)	N/A	N/A
District's Proportionate Share of the Net Pension Liability (Asset)	N/A	N/A
State's Proportionate Share of the Net Pension Liability (Asset) Associated With the District	<u>\$ 12,857,003.00</u>	<u>\$ 12,054,695.00</u>
Total	<u>\$ 12,857,003.00</u>	<u>\$ 12,054,695.00</u>
District's Covered Employee Payroll	\$ 2,585,071.47	\$ 2,271,486.37
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

N/A - TPAF is a special funding situations defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (Employer) does not contribute directly to the plan there is no Net Pension Liability to report in the financial statements of the District.

Public Employees' Retirement System (PERS)

District's Proportion of the Net Pension Liability (Asset)	0.00659%	0.00640%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,233,987.00	\$ 1,223,911.00
District's Covered Employee Payroll	\$ 679,953.52	\$ 843,874.06
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	181.48%	145.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Local)	52.08%	48.72%

See Notes to Financial Statements for detailed description of retirement plans.

See Notes to Financial Statements for detailed description of retirement plans.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Required Supplementary Information
Pension Schedules
Note to RSI
For The Fiscal Year Ended June 30, 2015

Note C - Schedule of District's Contribution

	<u>2014</u>	<u>2013</u>
Teachers' Pension and Annuity Fund (TPAF)		
Contractually Required Contribution	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	N/A	N/A
Contribution Deficiency (Excess)	None	None
District's Covered Employee Payroll	\$ 2,585,071.47	\$ 2,271,486.37
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A

N/A - TPAF is a special funding situations defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (Employer) does not contribute directly to the plan there is no Net Pension Liability to report in the financial statements of the District.

Public Employees' Retirement System (PERS)

Contractually Required Contribution	\$ 54,334.00	\$ 48,252.00
Contributions in Relation to the Contractually Required Contribution	<u>(54,334.00)</u>	<u>(48,252.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 679,953.52	\$ 843,874.06
Contributions as a Percentage of Covered Employee Payroll	7.99%	5.72%

See Notes to Financial Statements for detailed description of retirement plans.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL BASED BUDGET SCHEDULES

SPECIAL REVENUE FUND

BOROUGH OF FOLSOM SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2015

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
REVENUES				
Federal Sources	\$ 221,819.00			\$ 221,819.00
State Sources		82,880.00		82,880.00
Total Revenues	<u>\$ 221,819.00</u>	<u>\$ 82,880.00</u>	<u>\$ -</u>	<u>\$ 304,699.00</u>
EXPENDITURES				
Instruction				
Salaries of Teachers	52,752.00	56,312.00		109,064.00
Other Salaries for Instruction		19,600.00		19,600.00
Tuition	101,563.00			101,563.00
Supplies and Materials	30,668.00			30,668.00
Total Instruction	<u>184,983.00</u>	<u>75,912.00</u>	<u>-</u>	<u>260,895.00</u>
Support Services				
Other Salaries	13,000.00	-		13,000.00
Personal Services - Employee Benefits	13,716.00	6,968.00		20,684.00
Purchased Educational Services	10,120.00			10,120.00
Supplies and Materials				
Travel				
Total Support Services	<u>36,836.00</u>	<u>6,968.00</u>	<u>-</u>	<u>43,804.00</u>
Facilities Acquisition				
Instructional Equipment				
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 221,819.00</u>	<u>\$ 82,880.00</u>	<u>\$ -</u>	<u>\$ 304,699.00</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
 Special Revenue Fund
 FEDERAL AND STATE
 Combining Schedule of Program Revenues and Expenditures
 Budgetary Basis
 For The Fiscal Year Ended June 30, 2015

	Rural Education Achievement	Preschool Education Aid	I.D.E.A. Part B		No Child Left Behind		Totals
			Basic	Preschool	Title I	Title II Part A	
REVENUES							
Federal Sources	\$ 29,154.00	\$ -	\$ 101,563.00	\$ 1,013.00	\$ 79,969.00	\$ 10,120.00	\$ 221,819.00
State Sources		82,880.00					82,880.00
Total Revenues	\$ 29,154.00	\$ 82,880.00	\$ 101,563.00	\$ 1,013.00	\$ 79,969.00	\$ 10,120.00	\$ 304,699.00
EXPENDITURES							
Instruction							
Salaries of Teachers		56,312.00			52,752.00		109,064.00
Other Salaries for Instruction		19,600.00					19,600.00
Tuition	29,154.00		101,563.00				101,563.00
Supplies and Materials				1,013.00	501.00		30,668.00
Total Instruction	29,154.00	75,912.00	101,563.00	1,013.00	53,253.00	-	260,895.00
Support Services							
Other Salaries					13,000.00		13,000.00
Personal Services - Employee Benefits		6,968.00			13,716.00	10,120.00	20,684.00
Purchased Educational Services							10,120.00
Supplies and Materials							-
Travel							-
Total Support Services	-	6,968.00	-	-	26,716.00	10,120.00	43,804.00
Facilities Acquisition							
Instructional Equipment							
Total Facilities Acquisition	-	-	-	-	-	-	-
Total Expenditures	\$ 29,154.00	\$ 82,880.00	\$ 101,563.00	\$ 1,013.00	\$ 79,969.00	\$ 10,120.00	\$ 304,699.00

BOROUGH OF FOLSOM SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Combining Schedule of Program Revenues and Expenditures
Preschool - All Programs
For The Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction			
Salaries of Teachers	\$ 56,312.00	\$ 56,312.00	\$ -
Other Salaries for Instruction	19,600.00	19,600.00	-
Total Instruction	<u>75,912.00</u>	<u>75,912.00</u>	<u>-</u>
Support Services			
Personal Services - Employee Benefits	6,968.00	6,968.00	-
Total Support Services	<u>6,968.00</u>	<u>6,968.00</u>	<u>-</u>
Facilities Acquisition			
Instructional Equipment	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 82,880.00</u>	<u>\$ 82,880.00</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

PROPRIETARY FUNDS

ENTERPRISE FUND

BOROUGH OF FOLSOM SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2015

	<u>Food Service</u>	<u>Community Program</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 63,434.69	\$ 6,304.38	\$ 69,739.07
Accounts Receivable			
State of New Jersey	134.76		134.76
Federal Government	6,876.84		6,876.84
Inventories	4,449.92		4,449.92
Total Current Assets	<u>74,896.21</u>	<u>6,304.38</u>	<u>81,200.59</u>
Noncurrent Assets			
Equipment	128,299.99		128,299.99
Less: Accumulated Depreciation	<u>25,734.75</u>		<u>25,734.75</u>
Total Noncurrent Assets	<u>102,565.24</u>	<u>-</u>	<u>102,565.24</u>
Total Assets	<u>177,461.45</u>	<u>6,304.38</u>	<u>183,765.83</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	7,324.20		7,324.20
Interfunds Payable	<u>19,547.91</u>		<u>19,547.91</u>
Total Current Liabilities	<u>26,872.11</u>	<u>-</u>	<u>26,872.11</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	102,734.75		102,734.75
Unrestricted	<u>47,854.59</u>	<u>6,304.38</u>	<u>54,158.97</u>
Total Net Position	<u>\$ 150,589.34</u>	<u>\$ 6,304.38</u>	<u>\$ 156,893.72</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Fiscal Year Ended June 30, 2015

	Food Service	Community Program	Totals
OPERATING REVENUES			
Charges For Services			
Daily Sales			
Reimbursable Programs	\$ 58,814.70	\$ -	\$ 58,814.70
Non-Reimbursable Programs	29,581.28		29,581.28
Community Programs		9,166.28	9,166.28
Total Operating Revenue	<u>88,395.98</u>	<u>9,166.28</u>	<u>97,562.26</u>
OPERATING EXPENSES			
Cost of Sales	86,201.75		86,201.75
Salaries	82,530.00		82,530.00
Employee Benefits	24,037.74		24,037.74
Other Purchased Services		7,452.80	7,452.80
General Supplies	842.56	31.67	874.23
Depreciation	3,109.50		3,109.50
Other	8,737.86		8,737.86
Total Operating Expenses	<u>205,459.41</u>	<u>7,484.47</u>	<u>212,943.88</u>
Operating Income (Loss)	<u>(117,063.43)</u>	<u>1,681.81</u>	<u>(115,381.62)</u>
NONOPERATING REVENUES (EXPENSES)			
State Sources			
State School Lunch and Breakfast Program	1,702.01		1,702.01
Federal Sources			
National School Lunch and Breakfast Program	93,323.62		93,323.62
Food Distribution Program	9,305.58		9,305.58
Interest on Investments	14.89	11.06	25.95
Total Nonoperating Revenues (Expenses)	<u>104,346.10</u>	<u>11.06</u>	<u>104,357.16</u>
Income (Loss) Before Contributions and Transfers	<u>(12,717.33)</u>	<u>1,692.87</u>	<u>(11,024.46)</u>
Capital Contributions			-
Transfers In/(Out)			-
Change in Net Position	<u>(12,717.33)</u>	<u>1,692.87</u>	<u>(11,024.46)</u>
Net Position, July 1	<u>163,306.67</u>	<u>4,611.51</u>	<u>167,918.18</u>
Net Position, June 30	<u>\$ 150,589.34</u>	<u>\$ 6,304.38</u>	<u>\$ 156,893.72</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2015

	Food Service	Community Program	Totals
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts From Customers and Other Funds	\$ 88,395.98	\$ 9,166.28	\$ 97,562.26
Payments for Labor Costs	(106,567.74)		(106,567.74)
Payments to Suppliers	(97,693.42)	(7,484.47)	(105,177.89)
Net Cash Provided By (Used In) Operating Activities	<u>(115,865.18)</u>	<u>1,681.81</u>	<u>(114,183.37)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,715.42		1,715.42
Federal Sources	103,724.40		103,724.40
Operating Subsidies and Transfers	(10,125.10)		(10,125.10)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>95,314.72</u>	<u>-</u>	<u>95,314.72</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets			-
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	14.89	11.06	25.95
Net Cash Provided By (Used In) Investing Activities	<u>14.89</u>	<u>11.06</u>	<u>25.95</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(20,535.57)	1,692.87	(18,842.70)
Cash and Cash Equivalents, July 1	83,970.26	4,611.51	88,581.77
Cash and Cash Equivalents, June 30	<u>\$ 63,434.69</u>	<u>\$ 6,304.38</u>	<u>\$ 69,739.07</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Operating Income (Loss)	\$ (117,063.43)	\$ 1,681.81	\$ (115,381.62)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Depreciation	3,109.50		3,109.50
(Increase) Decrease			
Accounts Receivable			
Inventories	(526.86)		(526.86)
Other Current Assets			
Increase (Decrease)			
Accounts Payable	(1,384.39)		(1,384.39)
Accrued Expenses			
Net Cash Provided By (Used In) Operating Activities	<u>\$ (115,865.18)</u>	<u>\$ 1,681.81</u>	<u>\$ (114,183.37)</u>

INTERNAL SERVICE FUND

FIDUCIARY FUNDS

BOROUGH OF FOLSOM SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2015

	Unemployment Compensation Trust	Student Activity	Agency Payroll	Total
ASSETS				
Cash and Cash Equivalents	\$ 4,962.91	\$ 24,565.56	\$ -	\$ 24,565.56
Total Assets	4,962.91	24,565.56	-	24,565.56
LIABILITIES				
Due to Student Groups		24,565.56		24,565.56
Total Liabilities	-	24,565.56	-	24,565.56
NET POSITION				
Held in Trust	4,962.91			
Total Net Position	\$ 4,962.91	\$ -	\$ -	\$ -

BOROUGH OF FOLSOM SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For The Fiscal Year Ended June 30, 2015

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	\$ 15,881.79
Board Contributions	
Total Contributions	<u>15,881.79</u>
Investment Earnings	
Interest	<u>0.55</u>
Total Investment Earnings	<u>0.55</u>
Total Additions	<u>15,882.34</u>
DEDUCTIONS	
Quarterly Contribution Report	4,589.83
Unemployment Claims	<u>9,481.94</u>
Total Deductions	<u>14,071.77</u>
Change in Net Assets	1,810.57
Net Assets, July 1	<u>3,152.34</u>
Net Assets, June 30	<u><u>\$ 4,962.91</u></u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Student Activity Funds
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Elementary School	<u>\$ 19,570.23</u>	<u>\$ 46,794.88</u>	<u>\$ 41,799.55</u>	<u>\$ 24,565.56</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS				
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 4,364,274.11</u>	<u>\$ 4,364,274.11</u>	<u>\$ -</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 4,364,274.11</u></u>	<u><u>\$ 4,364,274.11</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Net Payroll	<u>\$ -</u>	<u>\$ 2,067,175.92</u>	<u>\$ 2,067,175.92</u>	<u>\$ -</u>
Payroll Deductions and Withholding		<u>2,297,098.19</u>	<u>2,297,098.19</u>	
Total Liabilities	<u><u>\$ -</u></u>	<u><u>\$ 4,364,274.11</u></u>	<u><u>\$ 4,364,274.11</u></u>	<u><u>\$ -</u></u>

LONG-TERM DEBT

BOROUGH OF FOLSOM SCHOOL DISTRICT
Long-Term Debt
Schedule of Bonds Payable
For The Fiscal Year Ended June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2014	Issued	Retired	Balance June 30, 2015
			Date	Amount					
Refunding Bonds School Additions	4/15/2014	\$ 2,016,000.00	4/15/2016	\$ 170,000.00	3.000%	\$ 1,825,000.00	\$ -	\$ 160,000.00	\$ 1,665,000.00
			4/15/2017	170,000.00	4.000%				
			4/15/2018	180,000.00	4.000%				
			4/15/2019	180,000.00	3.000%				
			4/15/2020	185,000.00	3.000%				
			4/15/2021	185,000.00	4.000%				
			4/15/2022	190,000.00	4.000%				
			4/15/2023	200,000.00	4.000%				
			4/15/2024	205,000.00	4.000%				
						\$ 1,825,000.00	\$ -	\$ 160,000.00	\$ 1,665,000.00

BOROUGH OF FOLSOM SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 226,050.00	\$ -	\$ 226,050.00	\$ 226,050.00	\$ -
Interest on Investments					
Total Local Sources	226,050.00	-	226,050.00	226,050.00	-
State Sources					
Debt Service Aid Type I					
Debt Service Aid Type II					
Total State Sources	-	-	-	-	-
Total Revenues	226,050.00	-	226,050.00	226,050.00	-
EXPENDITURES					
Regular Debt Service	66,050.00	-	66,050.00	66,050.00	
Interest	160,000.00	-	160,000.00	160,000.00	
Redemption of Principal					
Total Expenditures	226,050.00	-	226,050.00	226,050.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources					
Proceeds of Refunding Bonds					
Deposit to Refunding Fund					
Total Other Financing Sources	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	10,295.54		10,295.54	10,295.54	
Fund Balance, June 30	10,295.54	-	10,295.54	10,295.54	-

STATISTICAL SECTION

BOROUGH OF FOLSOM SCHOOL DISTRICT

Statistical Section

Introduction to the Statistical Section

Financial Trends

- J-1 These schedules contain trend information to help the reader understand how the
- J-2 District's financial performance and well being have changed over time.
- J-3
- J-4
- J-5

Revenue Capacity

- J-6 These schedules contain information to help the reader assess the District's most
- J-7 significant local revenue source, the property tax.
- J-8
- J-9

Debt Capacity

- J-10 These schedules present information to help the reader assess the affordability of the
- J-11 District's current levels of outstanding debt and the District's ability to issue additional debt
- J-12 in the future.
- J-13

Demographic and Economic Information

- J-14 These schedules offer demographic and economic indicators to help the reader
- J-15 understand the environment within which the District's financial activities take place.

Operating Information

- J-16 These schedules contain service and infrastructure data to help the reader understand
- J-17 how the information in the District's financial report relates to the services the District
- J-18 provides and the activities it performs.
- J-19
- J-20

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.*

FINANCIAL TRENDS

BOROUGH OF FOLSOM SCHOOL DISTRICT
Net Position By Component
 Source: CAFR A-1

Exhibit J-1
 Unaudited

	Fiscal Year Ended									
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Governmental Activities										
Invested in Capital Assets, net of debt	\$ 6,256,418.73	\$ 6,100,073.43	\$ 6,235,525.29	\$ 5,775,867.04	\$ 5,816,175.57	\$ 5,238,265.93	\$ 5,238,265.93	\$ 4,983,864.68	\$ 4,976,858.64	\$ 4,149,689.67
Restricted	2,908,823.39	3,312,451.14	2,760,779.01	2,504,918.32	1,907,814.78	890,770.61	736,670.24	437,932.83	165,303.50	948,621.41
Unrestricted	(1,335,935.40)	(392,690.11)	(428,133.28)	(370,853.05)	(445,470.89)	783,045.80	714,596.67	491,060.92	673,942.24	277,317.83
Total	\$ 7,829,306.72	\$ 9,019,834.46	\$ 8,568,171.02	\$ 7,909,932.31	\$ 7,278,519.46	\$ 6,912,082.34	\$ 6,689,532.84	\$ 5,912,858.43	\$ 5,816,104.38	\$ 5,375,628.91
Business-Type Activities										
Invested in Capital Assets, net of debt	\$ 102,734.75	\$ 105,674.74	\$ 108,784.24	\$ 111,893.74	\$ 111,406.25	\$ 114,218.75	\$ 117,031.25	\$ 119,843.75	\$ 122,666.25	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	54,158.97	62,243.44	78,168.42	81,018.45	80,519.35	46,051.77	30,693.51	14,248.07	15,233.10	35,866.91
Total	\$ 156,893.72	\$ 167,918.18	\$ 186,952.66	\$ 192,912.19	\$ 191,925.60	\$ 160,270.52	\$ 147,724.76	\$ 134,091.82	\$ 137,899.35	\$ 35,866.91
District-Wide										
Invested in Capital Assets, net of debt	\$ 6,359,153.48	\$ 6,205,748.17	\$ 6,344,309.53	\$ 5,887,760.78	\$ 5,927,581.82	\$ 5,352,484.68	\$ 5,355,297.18	\$ 5,103,708.43	\$ 5,099,514.89	\$ 4,149,689.67
Restricted	2,908,823.39	3,312,451.14	2,760,779.01	2,504,918.32	1,907,814.78	890,770.61	736,670.24	437,932.83	165,303.50	948,621.41
Unrestricted	(1,281,776.43)	(330,446.67)	(349,964.86)	(289,834.60)	(364,951.54)	828,097.57	745,290.18	505,308.99	689,175.34	313,184.74
Total	\$ 7,986,200.44	\$ 9,187,752.64	\$ 8,755,123.68	\$ 8,102,844.50	\$ 7,470,445.06	\$ 7,072,352.86	\$ 6,837,257.60	\$ 6,046,950.25	\$ 5,953,993.73	\$ 5,411,495.82

BOROUGH OF FOLSOM SCHOOL DISTRICT

Changes in Position

Source: CAFR A-2

Exhibit J-2
Unaudited

	Fiscal Year Ended										
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	
Expenses											
Governmental Activities											
Instruction											
Regular	\$ 3,192,427.59	\$ 2,697,071.17	\$ 2,887,693.70	\$ 2,689,575.51	\$ 2,458,408.59	\$ 2,314,655.34	\$ 2,242,097.32	\$ 1,843,097.26	\$ 1,965,134.74	\$ 1,915,045.96	
Special Education	699,065.18	574,286.50	509,739.78	414,240.49	411,681.51	380,943.35	356,933.26	339,074.43	302,328.43	226,924.85	
School Activities	43,390.91	39,222.57	28,011.18	32,186.39	27,508.29	20,782.49	18,730.74	109,712.61	143,196.66	71,532.77	
Other Special	153,733.70	93,449.40	31,716.05	39,205.00	31,570.02	28,550.24	7,800.00				
Support Services											
Tuition	1,618,984.72	1,506,640.20	1,290,738.60	1,586,429.31	1,560,743.72	1,208,793.86	1,124,987.88	1,351,281.32	1,116,458.12	963,872.11	
Student and Instruction	1,136,298.84	970,186.01	840,211.34	811,892.79	874,874.03	774,867.00	697,893.73	768,398.69	685,160.80	584,631.26	
General Administration	201,586.28	159,161.67	171,411.41	163,628.48	158,954.61	152,364.73	167,770.71	139,768.11	107,404.10	86,979.44	
School Administrative	201,074.14	210,277.36	231,112.97	237,399.09	196,148.04	168,913.68	153,646.57	155,521.93	168,179.64	163,505.42	
Central Services	132,942.15	119,700.13	134,798.41	126,075.60	118,930.94	127,542.64	114,536.47	131,970.54	139,678.01	119,969.38	
Information Technology							42,427.50				
Operations-Maintenance	528,336.91	412,567.10	385,899.11	383,703.88	426,050.01	387,420.92	383,584.10	504,762.96	462,323.14	314,616.38	
Pupil Transportation	512,263.06	489,380.54	417,279.96	356,345.67	342,362.73	496,899.30	498,002.27	571,029.52	537,864.65	416,260.33	
Debt Service Assessment	44,325.00	44,325.00	28,746.00	20,946.00	36,017.96						
Interest on Long-Term Debt	57,934.30	100,781.50	91,457.51	97,457.50	101,974.16	109,907.50	114,024.17	118,907.50	123,707.50	128,190.84	
Unallocated Depreciation	271,879.06	264,646.62	246,670.84	241,327.68	226,859.08	211,555.72	192,039.26				
	<u>8,794,241.83</u>	<u>7,681,695.77</u>	<u>7,295,486.86</u>	<u>7,200,413.39</u>	<u>6,972,083.69</u>	<u>6,383,196.77</u>	<u>6,114,443.98</u>	<u>6,033,524.87</u>	<u>5,751,435.79</u>	<u>4,990,528.74</u>	
Business-Type Activities											
Proprietary Fund	212,943.88	217,970.73	191,219.53	189,879.21	157,636.59	182,552.64	172,887.56	162,081.49	163,865.14	128,036.95	
	<u>212,943.88</u>	<u>217,970.73</u>	<u>191,219.53</u>	<u>189,879.21</u>	<u>157,636.59</u>	<u>182,552.64</u>	<u>172,887.56</u>	<u>162,081.49</u>	<u>163,865.14</u>	<u>128,036.95</u>	
Total Expenses	<u>\$ 9,007,185.71</u>	<u>\$ 7,899,666.50</u>	<u>\$ 7,486,706.39</u>	<u>\$ 7,390,292.60</u>	<u>\$ 7,129,720.28</u>	<u>\$ 6,565,749.41</u>	<u>\$ 6,287,331.54</u>	<u>\$ 6,195,606.36</u>	<u>\$ 5,915,300.93</u>	<u>\$ 5,118,565.69</u>	

BOROUGH OF FOLSOM SCHOOL DISTRICT
Changes in Net Position (Continued)
 Source: CAFR A-2

Exhibit J-2
 Unaudited

	Fiscal Year Ended										
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	
Program Revenues											
Governmental Activities											
Charges For Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,300.00	\$ -	\$ -	
Grants and Contributions	1,716,170.92	1,067,981.87	1,166,539.80	1,018,789.91	985,692.98	1,230,664.18	736,065.05	458,184.70	454,807.33	412,673.82	
	<u>1,716,170.92</u>	<u>1,067,981.87</u>	<u>1,166,539.80</u>	<u>1,018,789.91</u>	<u>985,692.98</u>	<u>1,230,664.18</u>	<u>736,065.05</u>	<u>505,484.70</u>	<u>454,807.33</u>	<u>412,673.82</u>	
Business-Type Activities											
Charges For Services	97,562.26	88,944.17	84,981.19	93,553.92	106,517.58	100,032.23	100,549.78	87,770.91	79,025.53	77,005.66	
Grants and Contributions	104,331.21	109,973.91	100,250.43	97,290.43	82,767.77	95,058.59	85,928.67	70,138.51	61,128.84	51,735.04	
	<u>201,893.47</u>	<u>198,918.08</u>	<u>185,231.62</u>	<u>190,844.35</u>	<u>189,285.35</u>	<u>195,090.82</u>	<u>186,478.45</u>	<u>157,909.42</u>	<u>140,154.37</u>	<u>128,740.70</u>	
Total Program Revenues	<u>\$ 1,918,064.39</u>	<u>\$ 1,266,899.95</u>	<u>\$ 1,351,771.42</u>	<u>\$ 1,209,634.26</u>	<u>\$ 1,174,978.33</u>	<u>\$ 1,425,755.00</u>	<u>\$ 922,543.50</u>	<u>\$ 663,394.12</u>	<u>\$ 594,961.70</u>	<u>\$ 541,414.52</u>	
Net (Expense) Revenue											
Governmental Activities	\$ (7,078,070.91)	\$ (6,613,713.90)	\$ (6,128,947.06)	\$ (6,181,623.48)	\$ (5,986,390.71)	\$ (5,152,532.59)	\$ (5,378,378.93)	\$ (5,528,040.17)	\$ (5,296,628.46)	\$ (4,577,854.92)	
Business-Type Activities	(11,050.41)	(19,052.65)	(5,987.91)	965.14	31,648.76	12,538.18	13,590.89	(4,172.07)	(23,710.77)	703.75	
Total District-Wide Net Expense	<u>\$ (7,089,121.32)</u>	<u>\$ (6,632,766.55)</u>	<u>\$ (6,134,934.97)</u>	<u>\$ (6,180,658.34)</u>	<u>\$ (5,954,741.95)</u>	<u>\$ (5,139,994.41)</u>	<u>\$ (5,364,788.04)</u>	<u>\$ (5,532,212.24)</u>	<u>\$ (5,320,339.23)</u>	<u>\$ (4,577,151.17)</u>	

BOROUGH OF FOLSOM SCHOOL DISTRICT

Changes in Net Position (Continued)

Source: CAFR A-2

Exhibit J-2
Unaudited

	Fiscal Year Ended										
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	
General Revenues											
Governmental Activities											
Local Tax Levy	\$ 1,780,009.00	\$ 1,800,667.00	\$ 1,766,197.00	\$ 1,742,324.00	\$ 1,606,663.84	\$ 1,653,118.00	\$ 1,653,118.00	\$ 1,647,919.00	\$ 1,487,124.00	\$ 1,463,990.00	
Unrestricted Grants	5,276,061.00	5,227,392.99	5,014,779.67	5,059,333.50	4,690,444.00	4,466,992.71	4,466,992.71	3,993,345.75	4,253,822.65	6,362,219.82	
Investment Earnings	757.48	639.58	1,007.36	554.22	254.43	5,046.96	5,046.96	24,768.82	54,502.98	97,816.89	
Miscellaneous Income	268.69	36,677.78	5,201.73	10,825.21	53,200.00	29,895.67	29,895.67	18,760.62	66,654.30	24,900.93	
Transfers					2,264.95						
	7,057,096.17	7,065,377.35	6,787,185.76	6,813,036.93	6,352,827.22	6,155,053.34	6,155,053.34	5,624,794.19	5,862,103.93	7,948,927.64	
Business-Type Activities											
Investment Earnings	25.95	18.17	28.38	21.45	6.32	42.05	42.05	374.54	733.01	6,909.68	
Transfers											
	25.95	18.17	28.38	21.45	6.32	42.05	42.05	374.54	733.01	6,909.68	
Total General Revenues	\$ 7,057,122.12	\$ 7,065,395.52	\$ 6,787,214.14	\$ 6,813,058.38	\$ 6,352,833.54	\$ 6,155,095.39	\$ 6,155,095.39	\$ 5,625,168.73	\$ 5,862,836.94	\$ 7,955,837.32	
Change in Net Position											
Governmental Activities	\$ (20,974.74)	\$ 451,663.45	\$ 656,238.70	\$ 631,413.45	\$ 366,436.51	\$ 1,002,520.75	\$ 776,674.41	\$ 96,754.02	\$ 565,475.47	\$ 3,371,072.72	
Business-Type Activities	(11,024.46)	(19,034.48)	(5,959.53)	986.59	31,655.08	12,580.23	13,632.94	(3,797.53)	(22,977.76)	7,613.43	
Total	\$ (31,999.20)	\$ 432,628.97	\$ 652,279.17	\$ 632,400.04	\$ 398,091.59	\$ 1,015,100.98	\$ 790,307.35	\$ 92,956.49	\$ 542,497.71	\$ 3,378,686.15	

BOROUGH OF FOLSOM SCHOOL DISTRICT
Fund Balances - Governmental Funds
 Source: CAFR B-1

Exhibit J-3
 Unaudited

	Fiscal Year Ended									
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
General Fund										
Restricted	\$ 2,860,062.87	\$ 3,072,275.87	\$ 2,907,014.17	\$ 2,420,183.65	\$ 1,713,264.23	\$ -	\$ -	\$ -	\$ -	\$ -
Committed										
Assigned	38,464.98	229,879.73	229,069.82	84,733.88	194,548.66					
Unassigned	3,371.00	(306,269.00)	(286,434.00)	(248,924.17)	(289,420.00)					
Reserved						1,974,589.62	1,862,846.41	976,855.12	159,885.02	39,440.03
Unreserved						(309,101.00)	(239,419.00)	86,727.19	62,961.35	76,888.71
Total General Fund	\$ 2,901,898.85	\$ 2,995,886.60	\$ 2,849,649.99	\$ 2,255,993.36	\$ 1,618,392.89	\$ 1,665,488.52	\$ 1,613,427.41	\$ 1,063,582.31	\$ 222,846.37	\$ 116,328.74
All Other Governmental Funds										
Restricted	\$ 10,295.54	\$ 10,295.54	\$ 1.28	\$ 0.79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed										
Assigned										
Unassigned										
Reserved										
Unreserved, Reported in										
Special Revenue Fund										
Capital Projects Fund					1.29	1.29	1.29	1.79	77,305.90	962,158.66
Debt Service Fund										
Permanent Fund										
Total All Other Governmental Funds	\$ 10,295.54	\$ 10,295.54	\$ 1.28	\$ 0.79	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.79	\$ 77,305.90	\$ 978,651.45

BOROUGH OF FOLSOM SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
 Source: CAFR B-2

	Fiscal Year Ended									
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Revenues										
Local Tax Levy	\$ 1,780,009.00	\$ 1,800,667.00	\$ 1,766,197.00	\$ 1,742,324.00	\$ 1,708,638.00	\$ 1,657,919.00	\$ 1,653,118.00	\$ 1,647,919.00	\$ 1,487,124.00	\$ 1,463,990.00
Tuition Charges		639.58	1,007.36	554.22	254.43	59,511.06	25,000.00	24,768.84	54,502.98	97,816.89
Interest Earned	757.48	36,677.78	5,201.73	10,825.21	2,284.95	7,021.97	4,895.67	66,060.62	66,654.30	24,900.93
Miscellaneous	268.69	219,306.15	220,967.00	399,226.00	237,771.17	1,105,195.66	248,348.05	204,460.70	246,676.59	196,316.44
Federal Sources	225,368.95	6,076,088.71	5,960,352.47	5,678,897.41	5,336,391.65	3,775,517.52	4,954,709.71	4,187,069.75	4,461,993.38	6,578,577.20
State Sources	6,197,823.97	8,133,359.22	7,953,725.56	7,831,826.84	7,338,520.20	6,605,716.27	6,891,118.39	6,130,278.91	6,316,921.25	8,361,601.46
Total Revenues	8,204,228.09	15,330,828.87	15,007,725.56	15,007,725.56	14,701,156.33	13,142,881.51	13,348,150.11	12,183,667.11	12,113,798.41	14,602,476.82
Expenditures										
Instruction										
Regular	2,060,927.10	2,025,007.48	2,087,148.72	1,977,795.60	1,840,956.38	1,809,189.43	1,693,931.00	1,471,818.54	1,585,044.38	1,616,871.41
Special Education	452,302.94	423,186.00	373,668.60	300,936.20	308,541.20	297,006.52	273,158.35	270,770.32	243,852.99	191,592.43
School Activities	43,390.91	39,222.57	28,011.18	32,186.39	27,508.29	20,782.49	18,730.74	87,611.79	115,500.00	60,395.05
Other	153,733.70	93,449.40	31,716.05	39,205.00	31,570.02	28,550.24	7,800.00			
Support Services										
Tuition	1,618,984.72	1,506,640.20	1,290,738.60	1,586,429.31	1,560,743.72	1,208,793.86	1,124,987.88	1,079,075.39	900,516.20	813,796.27
Student Instruction	735,197.98	714,920.40	615,923.28	589,821.47	655,688.15	604,133.27	534,092.84	613,610.29	552,639.09	493,603.59
General	130,428.56	117,284.65	125,654.43	118,872.33	119,131.04	118,792.78	128,393.67	111,612.83	96,630.33	72,592.36
School	130,097.20	154,951.29	169,419.11	172,464.99	147,006.24	131,695.34	117,584.57	124,193.15	135,650.85	138,047.46
Central Services	132,942.15	119,700.13	134,798.41	126,075.60	118,930.94	127,542.84	156,963.97	105,366.02	112,661.92	101,290.03
Facilities	528,336.91	412,567.10	385,899.11	383,703.88	426,050.01	387,420.92	383,554.10	403,082.08	372,902.01	265,630.30
Transportation	512,263.06	489,380.54	417,279.96	356,345.67	342,362.73	496,899.30	498,002.27	455,999.72	433,832.51	351,448.18
Benefits	1,330,682.65	1,226,607.43	1,227,843.92	1,189,717.78	1,026,693.33	836,754.75	842,526.39	1,037,997.78	922,123.90	757,719.23
Debt Service	226,050.00	276,567.49	242,707.51	248,707.50	244,307.50	249,907.50	245,107.50	239,907.50	244,707.50	239,107.50
Capital Outlay	242,877.96	417,487.42	229,259.56	71,965.15	536,126.78	236,215.52	316,440.51	77,305.90	1,716,196.43	5,609,303.73
Total Expenditures	8,298,215.84	8,016,982.10	7,360,068.44	7,194,226.87	7,385,616.33	6,553,684.66	6,341,273.79	6,078,371.31	7,432,258.11	10,711,397.54
Revenues Over (Under) Expenditures	(93,987.75)	116,377.12	593,657.12	637,599.97	(47,096.13)	52,031.61	549,844.60	51,907.60	(1,115,336.86)	(2,349,796.08)
Other Financing Transfers (In)Out	-	40,153.75	-	-	-	-	-	-	(125,000.00)	-
Net Change	(93,987.75)	156,530.87	593,657.12	637,599.97	(47,096.13)	52,031.61	549,844.60	51,907.60	(1,240,336.86)	(2,349,796.08)

Fiscal Year Ended									
June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006

Detail Provided on Exhibit J-4

REVENUE CAPACITY

BOROUGH OF FOLSOM SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property

Source: Municipal Tax Assessor

Exhibit J-6
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Improvements	Total Taxable Value of Land & Improvements	Total Partial Exemptions & Abatements	Net Total Taxable Value of Land & Improvements	Taxable Value of Locally Assessed Personal Property	Net Valuation Taxable	Estimated Actual County Equalized Value	Total District School Tax Rate
2006	25,620,300	77,293,600	102,913,900		102,913,900	429,833	103,343,733	148,631,861	1.439
2007	25,648,500	77,709,600	103,358,100		103,358,100	385,373	103,743,473	170,266,655	1.589
2008	25,645,700	78,015,700	103,661,400		103,661,400	363,645	104,025,045	189,170,840	1.589
2009	25,645,500	79,412,300	105,057,800		105,057,800	369,512	105,427,312	202,588,993	1.573
2010	25,638,300	80,214,500	105,852,800		105,852,800	354,702	106,207,502	208,168,369	1.609
2011	25,541,300	79,829,000	105,370,300		105,370,300	327,372	105,697,672	189,123,370	1.648
2012	25,459,800	80,076,709	105,536,509		105,536,509	343,266	105,879,775	190,260,153	1.668
2013	25,547,200	80,585,309	106,132,509		106,132,509	339,674	106,472,183	181,909,830	1.691
2014	25,539,890	82,207,309	107,747,199		107,747,199	249,452	107,996,651	184,665,229	1.649
2015	24,962,390	83,196,509	108,158,899		108,158,899	290,014	108,448,913	169,922,595	1.675

BOROUGH OF FOLSOM SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Source: Municipal Tax Collector

Exhibit J-7

Fiscal Year Ended June 30,	School District		Overlapping Rates			Total Direct and Overlapping Tax Rates
	Basic Rate	Debt Service	Local	County	Other	
2006	1.439	0.000	0.434	0.527	0.000	2.400
2007	1.589	0.000	0.454	0.507	0.000	2.550
2008	1.589	0.000	0.490	0.523	0.000	2.602
2009	1.573	0.000	0.519	0.580	0.000	2.672
2010	1.609	0.000	0.538	0.632	0.000	2.779
2011	1.648	0.000	0.556	0.647	0.000	2.851
2012	1.668	0.000	0.556	0.678	0.000	2.902
2013	1.691	0.000	0.570	0.802	0.000	3.063
2014	1.649	0.000	0.590	0.816	0.000	3.055
2015	1.675	0.000	0.661	0.715	0.000	3.051

BOROUGH OF FOLSOM SCHOOL DISTRICT

Principal Property Taxpayers

Source: Municipal Tax Assessor

Exhibit J-8
Unaudited

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
South Jersey Industries	\$ 5,461,400	1	5.04%	5,461,400	1	5.28%
IBEW Local 351	2,379,000	2	2.19%	879,000	8	0.85%
Laborer's Local 172-174	2,302,100	3	2.12%	899,100	7	0.87%
American Galvanizing	1,783,800	3	1.64%	1,577,800	2	1.53%
C&E Cannery	1,531,700	4	1.41%	1,306,700	3	1.26%
Kerr Concrete	1,222,800	5	1.13%	1,222,800	4	1.18%
Taxpayer 1	973,300	6	0.90%	1,069,800	5	1.04%
Taxpayer 2	884,000	7	0.82%	902,800	6	0.87%
Creamer Folsom Associates	800,600	8	0.74%	800,555	9	0.77%
Bodon Industries	741,800	10	0.68%	741,800	10	0.72%

BOROUGH OF FOLSOM SCHOOL DISTRICT
Property Tax Levies and Collections
Source: District Records

Exhibit J-9
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>School Taxes Levied for the Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Percentage of Tax Levy Collections</u>
2006	1,463,990.00	1,463,990.00	100.00%
2007	1,487,124.00	1,487,124.00	100.00%
2008	1,647,919.00	1,647,919.00	100.00%
2009	1,653,118.00	1,653,118.00	100.00%
2010	1,657,919.00	1,657,919.00	100.00%
2011	1,708,638.00	1,708,638.00	100.00%
2012	1,742,324.00	1,742,324.00	100.00%
2013	1,766,197.00	1,766,197.00	100.00%
2014	1,800,667.00	1,800,667.00	100.00%
2015	1,780,009.00	1,780,009.00	100.00%

DEBT CAPACITY

BOROUGH OF FOLSOM SCHOOL DISTRICT
Ratio of Outstanding Debt By Type
 Source: District Records

Fiscal Year Ended June 30,	Governmental Activities		Business-Type		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes			
2006	\$ 2,976,000	\$ -	\$ -	\$ -	2,976,000	4.28%	\$ 1,520
2007	2,856,000	-	-	-	2,856,000	3.84%	1,493
2008	2,736,000	-	-	-	2,736,000	3.60%	1,435
2009	2,606,000	-	-	-	2,606,000	3.46%	1,366
2010	2,466,000	-	-	-	2,466,000	3.28%	1,308
2011	2,326,000	-	-	-	2,326,000	2.98%	1,235
2012	2,176,000	-	-	-	2,176,000	2.74%	1,159
2013	2,026,000	-	-	-	2,026,000	2.54%	1,079
2014	1,825,000	-	-	-	1,825,000	Not Available	976
2015	1,665,000	-	-	-	1,665,000	Not Available	Not Available

BOROUGH OF FOLSOM SCHOOL DISTRICT

Ratios of General Bonded Debt Outstanding

Source: District Records

Exhibit J-11

Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita</u>
2006	\$ 2,976,000.00		\$ 2,976,000.00	3.03%	\$ 1,556
2007	2,856,000.00		2,856,000.00	2.75%	1,493
2008	2,736,000.00		2,736,000.00	2.63%	1,435
2009	2,606,000.00		2,606,000.00	2.47%	1,366
2010	2,466,000.00		2,466,000.00	2.32%	1,308
2011	2,326,000.00		2,326,000.00	2.20%	1,235
2012	2,176,000.00		2,176,000.00	2.06%	1,159
2013	2,026,000.00		2,026,000.00	1.90%	1,079
2014	1,825,000.00		1,825,000.00	1.69%	976
2015	1,665,000.00		1,665,000.00	1.54%	Not Available

BOROUGH OF FOLSOM SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
Source: District Records

Exhibit J-12
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of the School District	\$ 1,665,000.00	100.00%	\$ 1,665,000.00
Debt Repaid With Property Taxes			
Local Municipality	\$ 601,304.00	100.00%	601,304.00
Other Debt			
County of Atlantic	\$ 146,874,191.00	0.46%	<u>680,576.20</u>
Total Direct and Overlapping Debt			<u>\$ 2,946,880.20</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
Legal Debt Margin Information
Source: District Records

Exhibit J-13
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Year	Equalized Valuation Basis
Debt Limit	\$ 3,958,809	\$ 4,512,782	\$ 5,024,874	\$ 5,560,587	\$ 5,930,685	\$ 6,145,402	\$ 5,833,420	\$ 5,566,062	\$ 5,489,599		\$ 179,179,132
Total Net Debt Applicable Limit	2,976,000	2,856,000	2,736,000	2,606,000	2,466,000	2,326,000	2,176,000	2,026,000	1,825,000		180,436,091
Legal Debt Margin	\$ 982,809	\$ 1,656,782	\$ 2,288,874	\$ 2,954,587	\$ 3,464,685	\$ 3,819,402	\$ 3,657,420	\$ 3,540,062	\$ 3,664,599		167,752,139
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	75.17%	63.29%	54.45%	46.87%	41.58%	37.85%	37.30%	36.40%	33.24%		\$ 527,367,362
Average Equalized Valuation of Taxable Property									\$ 175,789,121		\$ 175,789,121
School Borrowing Margin											
Average Equalized Valuation of Taxable Property									\$ 175,789,121		
									3.00%		
Net Bonded School Debt									5,273,674		
Legal Debt Margin									1,665,000		
									\$ 3,608,674		

DEMOGRAPHIC AND ECONOMIC INFORMATION

BOROUGH OF FOLSOM SCHOOL DISTRICT
Demographic and Economic Statistics
Source: NJ Department of Labor

Exhibit J-14
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>School District Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	1,932	73,184,160	37,880	2.60%
2007	1,913	74,431,004	38,908	2.60%
2008	1,907	75,953,903	39,829	3.20%
2009	1,908	75,234,348	39,431	5.90%
2010	1,885	75,088,975	39,835	6.10%
2011	1,884	77,991,948	41,397	6.10%
2012	1,877	79,374,576	42,288	6.10%
2013	1,878	79,674,150	42,425	6.40%
2014	1,870	Not Available	Not Available	10.20%
2015	Not Available	Not Available	Not Available	Not Available

Information Not Available

Operating Information

BOROUGH OF FOLSOM SCHOOL DISTRICT
Full-Time Equivalent District Employees By Function/Program

Source: District Personnel Records

Exhibit J-16
 Unaudited

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction										
Regular	25.0	24.3	24.3	29.5	29.5	29.5	29.7	30.0	29.0	31.0
Special Education	7.0	7.0	7.0	6.6	6.6	6.6	7.7	7.7	7.8	10.0
Other Special Education	2.9	3.1	3.1							
Other	1.5	1.0	1.0	1.0	1.0	1.0	1.0	2.4	2.4	-
Support Services										
Student Related	2.0	2.0	2.0	6.1	6.1	6.1	6.2	6.2	6.0	7.0
General Administrative	1.8	1.3	1.3	1.5	1.5	1.5	0.7	0.7	1.0	1.0
School Administrative	1.2	1.7	1.7	1.5	1.5	1.5	2.3	2.3	2.3	4.0
Business Administrative	2.0	2.5	2.5	2.7	2.7	2.7	1.7	1.7	1.7	2.0
Plant Operation	2.5	4.0	4.5	4.0	4.0	4.0	5.2	4.5	4.5	4.0
Other	2.0	2.0	2.0							1.3
Food Service	3.0	3.5	3.0	3.1	3.1	3.1	2.9	3.6	3.6	3.3
Child Care										
	50.9	52.4	52.4	56.0	56.0	56.0	57.4	59.1	58.3	63.5

BOROUGH OF FOLSOM SCHOOL DISTRICT

Operating Statistics

Source: District Records

Exhibit J-17
Unaudited

Fiscal Year Ended June 30,	(a)			%		Teaching Staff	(b)		% Change in Average Daily Attendance	Student Attendance Percentage
	Enrollment	Operating Expenditures	Cost Per Pupil	Change	Enrollment		Average Daily Attendance			
2006	486	4,862,986	10,006	-0.92%	36.4	403	382	6.50%	94.79%	
2007	482	5,471,354	11,351	13.44%	35.4	417	373	-2.36%	89.45%	
2008	495	5,761,157	11,639	2.53%	35.4	417	397	6.54%	95.30%	
2009	496	5,779,726	11,653	0.12%	37.1	407	388	-2.37%	95.33%	
2010	478	6,067,562	12,707	9.05%	37.1	399	378	-2.58%	94.74%	
2011	492	6,605,182	13,425	5.65%	37.1	400	381	0.79%	95.25%	
2012	520	6,945,519	13,357	-0.51%	37.4	418	395	3.67%	94.50%	
2013	508	7,117,361	14,011	4.89%	37.6	424	403	2.03%	95.05%	
2014	508	7,322,917	14,415	2.89%	39.2	435	413	2.48%	94.94%	
2015	505	7,829,288	15,504	7.56%	41.0	415	400	-3.15%	96.39%	

(a) Includes Grades K-12

(b) Includes Grades K-8

BOROUGH OF FOLSOM SCHOOL DISTRICT
School Building Information
Source: District Records

Exhibit J-18
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
Folsom Elementary School										
Square Feet	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507
Capacity	435	435	435	435	435	435	435	435	435	435
Enrollment	402	391	416	407	399	403	418	424	435	415

BOROUGH OF FOLSOM SCHOOL DISTRICT
Schedule of Required Maintenance for School Facilities
Source: District Records

Exhibit J-19
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

Facilities	Project Number	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Folsom School	N/A	\$ 80,229	\$ 67,776	\$ 92,480	\$ 124,975	\$ 88,191	\$ 120,416	\$ 108,188	\$ 112,947	\$ 86,997	\$ 104,646

BOROUGH OF FOLSOM SCHOOL DISTRICT

Insurance Schedule
Source: District Records

Exhibit J-20
Unaudited

Company	Type of Coverage	Amount of Coverage	Deductible
Atlantic and Cape May Counties School Business Officials Joint Insurance Fund	Property, Inland Marine and Automobile Physical Damages		
	Limit of Liability - Per Occurrence	\$ 150,000,000	
	ACCASBOJIF Self Insured Retention - Per Occurrence	250,000	
	Member District Deductible		\$ 500
	Property Valuation		
	Buildings and Contents	Replacement Cost	
	Contractors Equipment	Actual Cash Value	
	Automobiles	Replacement Cost	
	Boiler and Machinery		
	Limit of Liability	125,000,000	
	ACCASBOJIF Self Insured Retention	None	
	Member District Deductible		1,000
	Crime		
	Limit of Liability	500,000	
	ACCASBOJIF Self Insured Retention	250,000	
	Member District Deductible		500
	General and Automobile Liability		
	Limit of Liability	15,000,000	
	ACCASBOJIF Self Insured Retention	250,000	
	Member District Deductible		None
	Workers Compensation		
	Limit of Liability	Statutory	
	ACCASBOJIF Self Insured Retention	250,000	
Member District Deductible		None	
Educator's Legal Liability			
Limit of Liability	15,000,000		
ACCASBOJIF Self Insured Retention	175,000		
Member District Deductible		None	
Pollution Legal Liability			
Limit of Liability	3,000,000		
ACCASBOJIF Self Insured Retention	None		
Member District Deductible		25,000	
Cyber Liability			
Limit of Liability	1,000,000		
ACCASBOJIF Self Insured Retention	None		
Member District Deductible		25,000	
RLI Insurance Company	Surety Bonds		
	Treasurer	173,000	
	Board Secretary/Business Administrator	25,000	

SINGLE AUDIT SECTION

PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-1

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
Borough of Folsom School District
County of Atlantic
Folsom, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Borough of Folsom School District's basic financial statements and have issued our report thereon dated September 16, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings that we consider to be a significant deficiency identified as:

Finding 2015-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Folsom School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative and identified as:

Finding 2015-1.

School District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PREZIOSI • NICHOLSON & ASSOCIATES

Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

September 16, 2015
Millville, NJ

PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-2

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROLS OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULARS 04-04 AND 15-08

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
Borough of Folsom School District
County of Atlantic
Folsom, New Jersey

Report on Compliance for Each Major State Program

We have audited the Borough of Folsom School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state programs for the fiscal year ended June 30, 2015. The District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion the Borough of Folsom School District compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circulars 04-04 and 15-08 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey OMB Circulars 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

PREZIOSI • NICHOLSON & ASSOCIATES
Certified Public Accountants



James M. Preziosi
Certified Public Accountant
Public School Accountant No. CS 01141

September 16, 2015
Millville, NJ

BOROUGH OF FOLSOM SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Schedule A

For The Fiscal Year Ended June 30, 2015

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period	Balance at June 30, 2014	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2015	
									Accounts Receivable	Due to Grantor
U.S. Department of Education										
Passed-through State Department of Education										
Special Revenue Fund:										
Title I	84.010	79,969.00	7/1/14 - 6/30/15	\$ -	\$ -	\$ 79,969.00	\$ (79,969.00)	\$ -	\$ -	\$ -
Title I	84.010	69,067.00	7/1/13 - 6/30/14	(15,755.00)	-	15,755.00	-	-	-	-
Title II A	84.367	10,120.00	7/1/14 - 6/30/15	(4,244.00)	-	10,120.00	(10,120.00)	-	-	-
Title II A	84.367	12,969.00	7/1/13 - 6/30/14	-	-	4,244.00	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	101,563.00	7/1/14 - 6/30/15	(1,030.00)	-	101,563.00	(101,563.00)	-	-	-
I.D.E.A. Part B, Preschool	84.173	1,013.00	7/1/14 - 6/30/15	(1,030.00)	-	1,013.00	(1,013.00)	-	-	-
I.D.E.A. Part B, Preschool	84.173	4,594.00	7/1/13 - 6/30/14	-	-	1,030.00	-	-	-	-
Title VI REAP	84.358	29,154.00	7/1/14 - 6/30/15	(30,165.00)	-	29,154.00	(29,154.00)	-	-	-
Title VI REAP	84.358	30,165.00	7/1/13 - 6/30/14	-	-	30,165.00	-	-	-	-
Total Special Revenue Fund				(51,194.00)	-	273,013.00	(221,819.00)	-	-	-
U.S. Department of Agriculture										
Passed-through State Department of Education										
Enterprise Fund:										
Food Distribution Program	10.555	9,305.58	7/1/14 - 6/30/15	-	-	9,305.58	(9,305.58)	-	-	(1,958.80)
School Breakfast Program	10.553	27,606.56	7/1/14 - 6/30/15	-	-	25,647.76	(27,606.56)	-	-	-
School Breakfast Program	10.553	30,456.45	7/1/13 - 6/30/14	(2,407.47)	-	2,407.47	-	-	-	-
National School Lunch Program	10.555	65,717.06	7/1/14 - 6/30/15	-	-	60,799.02	(65,717.06)	-	-	(4,918.04)
National School Lunch Program	10.555	68,467.87	7/1/13 - 6/30/14	(5,564.57)	-	5,564.57	-	-	-	-
Total Enterprise Fund				(7,972.04)	-	103,724.40	(102,629.20)	-	-	(6,876.84)
Total Federal Financial Awards				\$ (59,166.04)	\$ -	\$ 376,737.40	\$ (324,448.20)	\$ -	\$ -	\$ (6,876.84)

BOROUGH OF FOLSOM SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
Schedule B
For The Fiscal Year Ended June 30, 2015

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

State Grantor/Program Title	Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2014	Cash Received	Budgetary Expenditures	Accounts Receivable	Balance at June 30, 2015	
								Due To State	(MEMO) Delayed State Aid Payment
State Department of Education									
General Fund									
Equalization Aid	15-495-034-5120-078	07/01/14-06/30/15	\$ 4,162,988.00	\$ -	\$ 3,616,359.00	\$ (4,162,988.00)	\$ (546,629.00)	\$ -	\$ (546,629.00)
Equalization Aid	14-495-034-5120-078	07/01/13-06/30/14	4,162,988.00	(556,269.00)	556,269.00				
School Choice Aid	15-495-034-5120-068	07/01/14-06/30/15	914,438.00		914,438.00	(914,438.00)			
Special Education Categorical Aid	15-495-034-5120-089	07/01/14-06/30/15	275,873.00		275,873.00	(275,873.00)			
Adjustment Aid	15-495-034-5120-085	07/01/14-06/30/15	50,568.00		50,568.00	(50,568.00)			
Security Aid	15-495-034-5120-084	07/01/14-06/30/15	78,228.00		78,228.00	(78,228.00)			
Under Adequacy Aid	15-495-034-5120-096	07/01/14-06/30/15	30,122.00		30,122.00	(30,122.00)			
PARCC Readiness Aid	15-495-034-5120-098	07/01/14-06/30/15	5,180.00		5,180.00	(5,180.00)			
Per Pupil Growth Aid	15-495-034-5120-097	07/01/14-06/30/15	5,180.00		5,180.00	(5,180.00)			
Extraordinary Special Education Aid	15-100-034-5120-473	07/01/14-06/30/15	19,379.00		19,379.00	(19,379.00)			
Transportation Aid	15-495-034-5120-014	07/01/14-06/30/15	47,531.00		47,531.00	(47,531.00)			
Non Public Transportation Aid	15-495-034-5120-014	07/01/14-06/30/15	338.00		338.00	(338.00)			
On Behalf TPAF									
Pension Contributions	15-495-034-5095-006	07/01/14-06/30/15	317,721.00		317,721.00	(317,721.00)			
Social Security Contributions	15-495-034-5095-002	07/01/14-06/30/15	197,757.97		187,977.69	(197,757.97)	(9,780.28)		
Social Security Contributions	14-495-034-5095-002	07/01/13-06/30/14	173,768.71	(8,839.91)	8,839.91				
Total General Fund				(565,108.91)	6,114,003.60	(6,105,363.97)	(556,409.28)	-	(546,629.00)
Special Revenue Fund									
Preschool Education Aid	15-495-034-5120-086	07/01/14-06/30/15	82,880.00		82,880.00	(82,880.00)			
Total Enterprise Fund				-	82,880.00	(82,880.00)	-	-	-
U.S. Department of Agriculture									
Passed-through State Department of Education Enterprise Fund:									
National School Lunch Program	15-100-010-3360-067	07/01/14-06/30/15	1,702.01		1,567.25	(1,702.01)	(134.76)		
National School Lunch Program	14-100-010-3360-067	07/01/13-06/30/14	1,760.75	(148.17)	148.17				
Total Enterprise Fund				(148.17)	1,715.42	(1,702.01)	(134.76)		
Total State Financial Assistance				\$ (565,257.08)	\$ 6,186,589.02	\$ (6,189,885.98)	\$ (556,544.04)	\$ -	\$ (546,629.00)

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Schedules of Awards and Financial Assistance
June 30, 2015

NOTE 1 GENERAL

The accompanying Schedules of Expenditures of Awards and Financial Assistance include federal awards and state award activity of the Borough of Folsom School District. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's financial statements. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

See Exhibit C-3, Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Notes to Schedules of Awards and Financial Assistance
June 30, 2015

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS (CONTINUED)

Awards and financial assistance revenues are reported in the basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 6,114,943.97	\$ 6,114,943.97
Special Revenue Fund	225,368.95	82,880.00	308,248.95
Debt Service Fund			
Enterprise Fund	102,629.20	1,702.01	104,331.21
	<hr/>		
Total GAAP	327,998.15	6,199,525.98	6,527,524.13
Budgetary Adjustment			
State Aid Payment			
Current Year		546,629.00	546,629.00
Prior Year		(556,269.00)	(556,269.00)
Encumbrances			
Current Year			
Prior Year	(3,549.95)		(3,549.95)
	<hr/>		
Total Budgetary	\$ 324,448.20	\$ 6,189,885.98	\$ 6,514,334.18

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER

Revenues and expenditures reported under the U.S.D.A. Commodities Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

NOTE 7 MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

**BOROUGH OF FOLSOM SCHOOL DISTRICT
Schedule of Findings and Questioned Costs**

For The Fiscal Year Ended June 30, 2015

PART 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

- A. Type of auditors' report issued:
Unmodified
- B. Internal control over financial reporting:
 - 1. Material weakness(es) identified?
No
 - 2. Significant deficiency(ies) identified?
Yes
- C. Noncompliance material to financial statements noted.
No

Federal Awards Section

This Section Not Applicable

State Financial Assistance

- A. Dollar threshold used to determine Type A and Type B programs.
\$300,000.00
- B. Auditee qualified as low-risk auditee?
Yes
- C. Type of auditors' report on compliance for major programs.
Unmodified
- D. Internal control over major programs.
 - 1. Material weakness(es) identified?
No
 - 2. Significant deficiency(ies) identified?
None Reported
- E. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 or New Jersey Circulars OMB 04-04 and 15-08?
No
- F. Identification of major programs.

<u>GMIS Number(s)</u>	<u>Program Type</u>	<u>Name of State Program</u>
		State Aid Public
495-034-5120-078	A	Equalization Aid
495-034-5120-068	A	School Choice Aid
495-034-5120-089	B	Special Education Categorical Aid
495-034-5120-084	B	Security Aid
495-034-5120-086	B	Under Adequacy Aid
495-034-5120-085	B	Adjustment Aid
495-034-5120-097	B	Per Pupil Growth Aid
495-034-5120-098	B	PARCC Readiness

BOROUGH OF FOLSOM SCHOOL DISTRICT
Schedule of Findings and Questioned Costs

For The Fiscal Year Ended June 30, 2015

PART 2 - SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2015-1

Criteria or Specific Requirement

Section II -Specific compliance for Fund 60 Proprietary Funds requires household applications for free and reduced meals be maintained in accordance with guidelines of the State of New Jersey Audit Program.

Condition

Household applications for free and reduced price meals were not maintained in compliance with Section II of the Audit Program.

Context

Household applications were found not to be completed on the proper state approved format for the school year reviewed. Applications for the 2015 school year were completed using outdated 2014 forms. Also, several applications did not have official confirming signatures.

Effect

The District's application records are not in compliance with the State guidelines.

Cause

Unknown

Recommendation

That the District review procedures for completing free and reduced price meal applications and comply with State regulations.

View of Responsible Officials and Planned Corrective Action

The responsible official agrees with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF FOLSOM SCHOOL DISTRICT
Schedule of Findings and Questioned Costs

For The Fiscal Year Ended June 30, 2015

PART 3 - SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs as required by US OMB Circular A-133 and New Jersey OMB Circulars 04-04 and 15-08.

FEDERAL AWARDS

This Section Not Applicable

STATE FINANCIAL ASSISTANCE

No Current Year Findings

BOROUGH OF FOLSOM SCHOOL DISTRICT
Summary Schedule of Prior-Year Findings and
Questioned Costs as Prepared by Management
For The Fiscal Year Ended June 30, 2015

This section identifies the status of prior year findings related to the financial statements of Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, US OMB Circular A-133 State of New Jersey OMB Circulars 04-04 and 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-1

Condition

The District cash reconciliations for food service and student activity accounts were not prepared in accordance with N.J.S.A. 18A:17-9.

Current Status

The condition has been corrected

Finding 2014-2

Condition

The District did not have the proper internal controls in place to review the preparation of monthly reimbursement vouchers and meal counts in the food service fund.

Current Status

The condition has been corrected