

FRENCHTOWN BOROUGH
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**FRENCHTOWN BOROUGH BOARD OF EDUCATION
FRENCHTOWN BOROUGH, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prepared by

**FRENCHTOWN BOROUGH BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

**FRENCHTOWN BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION

**EDITH ORT THOMAS ELEMENTARY SCHOOL
FRENCHTOWN ELEMENTARY SCHOOL DISTRICT
902 HARRISON STREET
FRENCHTOWN, NEW JERSEY 08825
Phone (908) 996-2751
Fax (908) 996-3599**

Daria Wasserbach
Superintendent

Teresa E. Barna
*Business Administrator/
Board Secretary*

November 13, 2015

Honorable President and
Members of the Board of Education
Frenchtown Elementary School District
Hunterdon County, New Jersey

The comprehensive annual financial report of the Frenchtown Elementary School 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 Frenchtown Board of Education. 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 and account groups of the District. 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: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and New Jersey 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report of 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: Frenchtown School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Frenchtown Board of Education and the school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. This includes regular, as well as special education for special need students. The district completed the 2014-15 fiscal year with an enrollment of 145 students, which is essentially the same enrollment as the previous year.. The following details the changes in the student enrollment of the district over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2014-2015	145	0.1%
2013-2014	144	-2.7%
2012-2013	148	-5.7%
2011-2012	157	-8.0%
2010-2011	171	8.0%

2) ECONOMIC CONDITION AND OUTLOOK: The Frenchtown areas outlook for development and expansion has some potential housing/ retail developments pending.

3.) MAJOR INITIATIVES: The district entered into an arrangement with Delaware Valley Regional High School to provide Superintendent and Business Services to the district. This arrangement has been very beneficial to the district both financially and academically. The 2014/2015 school year was the first year for administering PARCC, the new state assessment. The board prepared for financing and completing capital projects to maintain the facility. These projects include a bathroom renovation, roof replacement, window replacement and a boiler replacement/HVAC upgrade. The bathroom renovation and the

4.) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed 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 generally accepted accounting principles (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 and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with

applicable laws and regulations related to those programs. This internal control structure 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 the internal control structure, including that portion related to federal 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 objective of these budgetary controls is 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 re-appropriations of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management for the fiscal year ended June 30, 2015.

	Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage of Increase (Decrease)
REVENUES				
Taxes	\$1,739,200	56.67	\$ 33,266	1.95
Debt	147,673	4.81	4,219	2.94
Other	63,696	2.08	(9,030)	-12.42

State Aid	1,031,024	33.60	58,976	6.07
Federal Aid	<u>87,234</u>	<u>2.84</u>	<u>(12,159)</u>	<u>- 12.23</u>
Total	\$3,068,827	100.00	\$ 75,272	2.51

EXPENDITURES

General Fund:

Current Expense	\$2,799,344	91.49	\$ 167,969	6.38
Capital Outlay	24,978	0.82	(86,183)	-77.53
Special Revenues	87,571	2.86	(11,841)	-11.91
Debt Service				
Principal	135,000	4.41	10,000	8.00
Interest	<u>12,673</u>	<u>0.41</u>	<u>(5,781)</u>	<u>-31.33</u>
Total	\$3,059,566	100.00	\$ 74,164	2.48

Note: Excludes “on behalf” payments, lease purchase acquisitions and capital projects.

The funding formula from the State of New Jersey, Department of Education established the above maximum permitted net budget, dictated the amount of fund balance the district could maintain and reduced the amount of unrestricted state aid received. Within these constraints, the Frenchtown Board of Education provided a thorough and efficient education in alignment with the emerging core curriculum standards.

8) DEBT ADMINISTRATION: At June 30, 2015 the District had outstanding debt issues of \$139,000 at an interest rate of 4.625%. On September 30, 2015, the voters of Frenchtown Borough authorized a bond issuance for capital improvements at the Edith Ort Thomas Elementary School in the amount of \$1,353,000. Bonds were issued at an interest rate of 3.0%.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protect from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted 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.

10) 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.

11) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr., CPA, was appointed 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 of 1984, and the related OMB Circular A-133 New Jersey 15-08 OMB. The auditor's report on the general purpose 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 single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of Frenchtown 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 services of our financial staff.

Respectfully submitted,



Daria Wasserbach
Superintendent



Teresa E. Barna
Business Administrator/Board Secretary

Frenchtown Board of Education

902 Harrison Street • Frenchtown • New Jersey • 08825

Telephone: 908-996-2751 · Fax: 908-996-3599

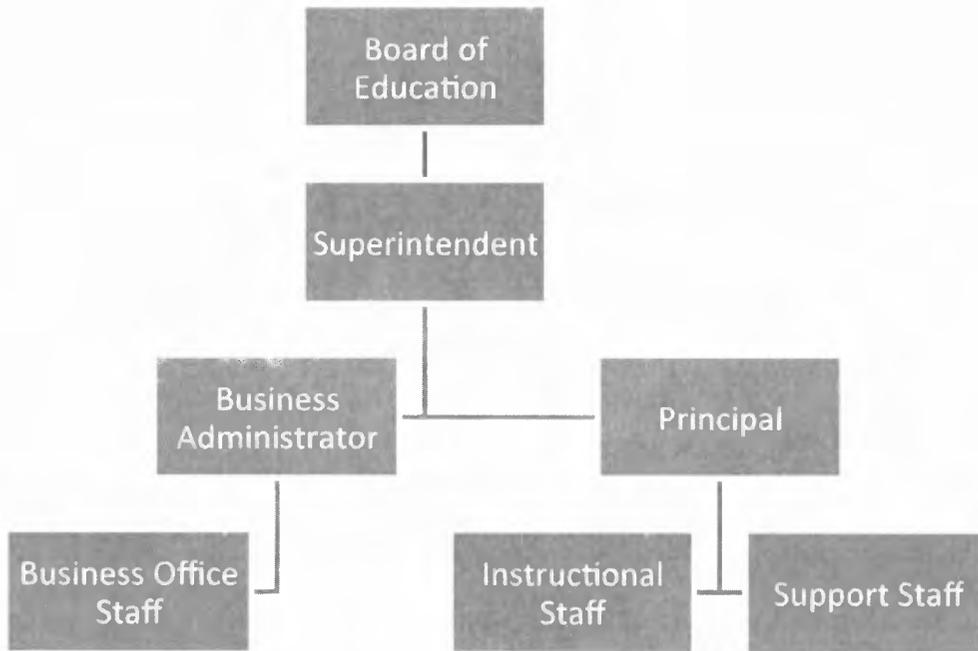
Website: www.frenchtownschool.org



Daria A. Wasserbach
Superintendent

Teresa E. Barna
Business Administrator/Board Secretary

Christina Dalla Palu
Principal



**ROSTER OF OFFICIALS
JUNE 30, 2015**

MEMBERS OF THE BOARD OF EDUCATION **TERM EXPIRES**

Kate Nugent	President	2015
Teresa Pearson	Vice-President	2017
Mr. Adam Blackburn		2017
Laura Buxton		2015
Jennifer Campbell		2016
Laura Einhorn		2016
Amy Musolino		2017

OTHER OFFICIALS

Mrs. Daria A, Wasserbach	Superintendent
Teresa E. Barna	Business Administrator/ Board Secretary
Christina Dalla Palu	Principal
Raymond B. Krov	Treasurer

AUDIT FIRM

William M. Colantano, Jr., CPA
100 Route 31 North
Washington, NJ 07882-530

ATTORNEY

Cleary Giacobbe Alfieri Jacobs, LLC
5 Ravine Drive
Matawan, NJ 07747

OFFICIAL DEPOSITORY

PNC Bank
PO Box 746
Keene, NH 03431

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

November 13, 2015

Honorable President and
Members of the Board of Education
Frenchtown Borough School District
County of Hunterdon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Frenchtown Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board'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. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was 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 combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

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

The discussion and analysis of Frenchtown School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- In total, net position increased \$991,741 which represents a 53.24% increase from 2014.
- General revenues accounted for \$3,323,235. in revenue or 74.91% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$1,113,174 or 25.09% of total revenues of \$4,436,409.
- Total assets of governmental activities increased by \$1,317,209. As cash and cash equivalents increased by \$44,317, receivables and other assets increased by \$1,171,426 and capital assets increased by \$101,466, EDA Grants increased \$902,000 and the tax levy by \$314,479.
- The School District had \$3,444,668 in expenses; only \$211,174 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$3,323,235, were adequate to provide for these expenses.
- Among major funds, the General Fund had \$2,833,583 in revenues and \$2,815,503 in expenditures. After factoring in transfers to other funds of \$8,819, the General Fund's balance increased \$9,261 over 2014.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Frenchtown School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Frenchtown School District, the General Fund is by far the most significant fund.

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's position assets and changes position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Position Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the school district's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Governmental activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. Fund financial reports statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

Governmental Funds

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District’s net position for 2015 compared to 2014.

		Table 1 Net Position			
		6/30/2015	6/30/2014	Variance	
				Dollars	Percent
ASSETS					
Current & Other Assets	\$ 2,150,826	\$ 939,449	\$ 1,211,377	128.95%	
Capital Assets	2,247,627	2,144,555	103,072	4.81%	
Total Assets	<u>4,398,453</u>	<u>3,084,004</u>	<u>1,314,449</u>	42.62%	
Deferred Outflows of Resources	<u>49,798</u>	<u>19,992</u>	<u>29,806</u>	149.09%	
LIABILITIES					
Long Term Liabilities	727,166	864,331	(137,165)	-15.87%	
Other Liabilities	<u>836,041</u>	<u>376,749</u>	<u>459,292</u>	121.91%	
Total Liabilities	<u>1,563,207</u>	<u>1,241,080</u>	<u>322,127</u>	25.96%	
Deferred Inflows of Resources	<u>30,387</u>	<u>-</u>	<u>30,387</u>	*	
NET POSITION					
Net Investment in Capital Assets	2,108,627	1,870,555	238,072	12.73%	
Restricted	996,021	252,904	743,117	293.83%	
Unrestricted	<u>(249,991)</u>	<u>(260,543)</u>	<u>10,552</u>	-4.05%	
Total Net Position	<u>\$ 2,854,657</u>	<u>\$ 1,862,916</u>	<u>\$ 991,741</u>	53.24%	

* = Undefined

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

Total assets increased \$1,314,449. Cash and cash equivalents increased by \$38,913, receivables and other assets increased by \$1,172,464, and capital assets increased by \$103,072. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the District increased by \$10,552.

The negative balance in unrestricted net assets is not a negative reflection on the District’s financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State’s net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows changes in net position for fiscal year 2015 compared to 2014.

**Table 2
Changes in Net Position**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 102,732	\$ 157,702	\$ (54,970)	-34.86%
Operating Grants	108,442	119,900	(11,458)	-9.56%
Capital Grants	902,000			
General Revenues:				
Property Taxes	1,886,873	1,849,388	37,485	2.03%
Unrestricted Grants	1,432,990	972,029	460,961	47.42%
Other	3,372	658	2,714	412.46%
Total Revenues	4,436,409	3,099,677	1,336,732	43.12%
PROGRAM EXPENSES				
Instruction:				
Regular	1,650,507	1,259,721	390,786	31.02%
Special	471,041	440,745	30,296	6.87%
Other	32,531	77,647	(45,116)	-58.10%
Support Services:				
Tuition	34,919	1,822	33,097	1816.52%
Student & Instructional Staff Services	501,078	388,465	112,613	28.99%
General & Business Administration	147,189	206,275	(59,086)	-28.64%
School Administration	119,676	82,622	37,054	44.85%
Maintenance	307,965	287,846	20,119	6.99%
Transportation	84,395	55,282	29,113	52.66%
Food Service	71,967	69,869	2,098	3.00%
Interest on Long Term Debt	23,400	29,335	(5,935)	-20.23%
Total Expenses	3,444,668	2,899,629	545,039	18.80%
Increase (Decrease) in Net Position	\$ 991,741	\$ 200,048	\$ 791,693	395.75%

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Excluding capital grants of \$902,000, property taxes made up 53.39% of revenues for governmental activities for the Frenchtown School District for fiscal year 2015.

Instruction comprises 62.53% of district expenses. Support service expenses make up 36.79% of the expenses and interest on long-term debt comprises .68% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services by identifying the cost of services supported by tax revenue and unrestricted State entitlements.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Instruction	\$ 2,154,079	\$ 1,778,113	\$ 1,396,543	\$ 1,595,274
Support Services:				
Tuition	34,919	1,822	34,919	1,822
Student & Instructional Staff	501,078	388,465	307,710	369,421
General & Business Administration	147,189	206,275	87,858	192,938
School Administration	119,676	82,622	82,322	82,622
Plant Operations & Maintenance	307,965	287,846	307,965	287,486
Pupil Transportation	84,395	55,282	82,085	55,282
Food Services	71,967	69,869	8,692	7,847
Interest on Long-Term Debt	23,400	29,335	23,400	29,335
	<u>\$ 3,444,668</u>	<u>\$ 2,899,629</u>	<u>\$ 2,331,494</u>	<u>\$ 2,622,027</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

Pupil transportation includes activities involved with the conveyance of students to and from school activities, as provided by State law.

Extracurricular activities include expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities, including capital projects, local tax revenue support is 47.52%. The community, as a whole, is the primary support for the Frenchtown Public School District.

The Schools District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,970,827 and expenditures of \$3,219,348. The positive change in fund balance for the year was most significant in the Capital Project Fund, an increase of \$742,218.

General Fund Budgeting Highlights

The School 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.

During the course of fiscal year 2015, the School District amended its General Fund budget as needed. The School district uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budget basis revenue was \$1,433, below the original budgeted estimates of \$2,540,725. This difference was due primarily to School Choice Aid received \$9,673 under original estimates.

Capital Assets

At the end of the fiscal year 2015, the School District had \$2,247,627 invested in land, building, furniture and equipment and vehicles. Table 4 shows fiscal year 2015 compared to 2014.

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited**

**Table 4
Capital Assets (Net of Depreciation)**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Land	\$ 69,500	\$ 69,500		
Construction in Progress	159,782		\$ 159,782	
Land Improvements	2,902	3,547	(645)	-18.18%
Buildings & Improvements	1,942,135	2,001,004	(58,869)	-2.94%
Machinery & Equipment	73,308	70,504	2,804	3.98%
	<u>\$ 2,247,627</u>	<u>\$ 2,144,555</u>	<u>\$ 103,072</u>	<u>4.81%</u>

Overall capital assets increased \$103,072 from fiscal year 2014 to fiscal year 2015. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

Long-term Liabilities

At June 30, 2015, the School District had \$727,166 of long-term liabilities. This amount is detailed in Table 5 below.

At June 30, 2015, the School District’s overall legal debt margin was \$4,746,423 and the unvoted debt margin was \$2,352,423.

**Table 5
Long-Term Liabilities at Year End**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
2001 General Obligation Bonds	\$ 139,000	\$ 274,000	\$ (135,000)	-49.27%
PERS Net Pension Liability	509,888	507,096	2,792	0.55%
Compensated Absences	78,278	83,235	(4,957)	-5.96%
	<u>\$ 727,166</u>	<u>\$ 864,331</u>	<u>\$ (137,165)</u>	<u>-15.87%</u>

For the Future

The Frenchtown District is in good financial condition presently. The school district is proud of its community support of the public school. A major concern is increased reliance on local property taxes.

Frenchtown Borough is primarily a residential community, with very few commercial ratables; thus a large part of the tax burden is borne by homeowners.

The Frenchtown Board of Education and Administration are acutely aware of this burden on the community and have sought alternate revenue sources. The District has actively sought tuition

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

students in both its Preschool and Elementary programs. It has also sought out shared services opportunities with other local districts and are currently sharing staff (Superintendent, Business Administrator and World Language Teacher), and services (satellite food service, broad band access, transportation). It also actively participated in bids for supplies, energy and communication services.

In conclusion, the Frenchtown District has committed itself to financial excellence for many years. In addition, the school district's system for financial planning, budgeting, and internal financial controls are well regarded. The school district plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact: Teresa E. Barna, School Business Administrator, Frenchtown School District, 902 Harrison, St., Frenchtown, NJ 08825 (908) 996-2751.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 646,273	\$ 7,995	\$ 654,268
Receivables, Net	938,271	2,311	940,582
Tax Levy Receivable	314,479		314,479
Interfunds	(1,426)	1,426	
Inventory		1,892	1,892
Restricted Assets:			
Cash & Cash Equivalents	239,605		239,605
Capital Assets (Note 4):			
Land & Construction in Progress	229,282		229,282
Other Capital Assets, Net of Depreciation	2,015,096	3,249	2,018,345
Total Assets	<u>4,381,580</u>	<u>16,873</u>	<u>4,398,453</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Pension Liability	<u>49,798</u>	-	<u>49,798</u>
LIABILITIES			
Accounts Payable	8,356		8,356
Accrued Interest	2,143		2,143
Payable to Governments	8,831		8,831
Unearned Revenue	15,424	1,287	16,711
Temporary Notes Payable	800,000		800,000
Long-Term Liabilities (Note 5):			
Due Within One Year	139,000		139,000
Due Beyond One Year	588,166		588,166
Total Liabilities	<u>1,561,920</u>	<u>1,287</u>	<u>1,563,207</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Pension Liability	<u>30,387</u>	-	<u>30,387</u>
NET POSITION			
Net Investment in Capital Assets	2,105,378	3,249	2,108,627
Restricted For:			
Capital Projects	742,218		742,218
Debt Service	4,810		4,810
Capital Reserve	203,594		203,594
Maintenance Reserve	45,399		45,399
Unrestricted	<u>(262,328)</u>	<u>12,337</u>	<u>(249,991)</u>
TOTAL NET POSITION	<u>\$ 2,839,071</u>	<u>\$ 15,586</u>	<u>\$ 2,854,657</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 937,791	\$ 712,716	\$ 58,018	\$ 22,810	\$ 489,418	\$ (1,080,261)		\$ (1,080,261)
Special Education	288,363	166,319		18,278	133,224	(303,180)		(303,180)
Other Special Instruction	15,855	504		15,855	6,670	6,166		6,166
Other Instruction	31,529	1,002			13,263	(19,268)		(19,268)
Support Services:								
Tuition	34,919					(34,919)		(34,919)
Students & Instruction Related Services	329,593	171,485		30,628	162,740	(307,710)		(307,710)
General & Business Administration Services	116,774	30,415			59,331	(87,858)		(87,858)
School Administration Services	78,590	41,086			37,354	(82,322)		(82,322)
Plant Operations & Maintenance	257,073	50,892				(307,965)		(307,965)
Pupil Transportation	76,106	8,289	2,310			(82,085)		(82,085)
Interest on Long-Term Debt	23,400					(23,400)		(23,400)
Total Governmental Activities	2,189,993	1,182,708	60,328	87,571	\$ 902,000	(2,322,802)	\$ -	(2,322,802)
Business-Type Activities:								
Food Service	71,967		42,404	20,871			(8,692)	(8,692)
Total Business-Type Activities	71,967	-	42,404	20,871	-	-	(8,692)	(8,692)
Total Primary Government	\$ 2,261,960	\$ 1,182,708	\$ 102,732	\$ 108,442	\$ 902,000	(2,322,802)	(8,692)	(2,331,494)
General Revenues, Transfers & Special Items								
						1,739,200		1,739,200
						147,673		147,673
						1,432,990		1,432,990
						572	4	576
						2,796		2,796
						(8,819)	8,819	
						3,314,412	8,823	3,323,235
						991,610	131	991,741
						1,847,461	15,455	1,862,916
						\$ 2,839,071	\$ 15,586	\$ 2,854,657

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents			\$ 641,463	\$ 4,810	\$ 646,273
Receivables from Other Governments:					
State	\$ 5,805		902,000		907,805
Federal		\$ 25,548			25,548
Tax Levy Receivable	314,479				314,479
Other Receivables	4,906	12			4,918
Due from Other Funds	8,790				8,790
Restricted Cash & Equivalents	239,605				239,605
TOTAL ASSETS	\$ 573,585	\$ 25,560	\$ 1,543,463	\$ 4,810	\$ 2,147,418
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 7,047	\$ 64	\$ 1,245		\$ 8,356
Temporary Notes Payable			800,000		800,000
Payables to Other Governments:					
State		8,831			8,831
Due to Other Funds	1,426	8,790			10,216
Unearned Revenue	7,549	7,875			15,424
Total Liabilities	\$ 16,022	\$ 25,560	\$ 801,245	\$ -	\$ 842,827

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus	\$ 16,187				\$ 16,187
Committed Fund Balance:					
Capital Reserve Account	203,594				203,594
Maintenance Reserve Account	45,399				45,399
Capital Projects			\$ 742,218		742,218
Assigned Fund Balance:					
Year End Encumbrances	33,727				33,727
Designated for Subsequent Year's Expenditures	79,870				79,870
Debt Service Fund				\$ 4,810	4,810
Unassigned Fund Balance	178,786				178,786
Total Fund Balances	557,563	\$ -	742,218	4,810	1,304,591
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 573,585</u>	<u>\$ 25,560</u>	<u>\$ 1,543,463</u>	<u>\$ 4,810</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets
(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 3,512,302
1,267,924

2,244,378

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds

19,411

Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds

(727,166)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due

(2,143)

Total Net Assets of Governmental Activities

\$ 2,839,071

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,739,200			\$ 147,673	\$ 1,886,873
Tuition from Individuals	58,018				58,018
Interest on Investments	572				572
Miscellaneous	5,106				5,106
Total	1,802,896	\$ -	\$ -	147,673	1,950,569
State Sources	1,030,687	337	902,000		1,933,024
Federal Sources		87,234			87,234
Total Revenues	2,833,583	87,571	902,000	147,673	3,970,827
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	1,140,605	22,810			1,163,415
Special Education Instruction	298,414	18,278			316,692
Other Special Instruction		15,855			15,855
Other Instruction	31,529				31,529
Support Service & Undistributed Costs:					
Tuition	34,919				34,919
Student & Instruction Related Services	356,228	30,628			386,856
General & Business Administrative Services	141,039				141,039
School Administrative Services	88,792				88,792
Plant Operations & Maintenance	297,002				297,002
Pupil Transportation	76,106				76,106
Unallocated Benefits	325,891				325,891

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 12,170		\$ 159,782		\$ 171,952
Debt Service:					
Principal				\$ 135,000	135,000
Interest & Other Charges	12,808			12,673	25,481
Total Expenditures	<u>2,815,503</u>	<u>\$ 87,571</u>	<u>159,782</u>	<u>147,673</u>	<u>3,210,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,080	-	742,218	-	760,298
Other Financing Sources (Uses):					
Operating Transfers In (Out)	<u>(8,819)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,819)</u>
Net Change in Fund Balance	9,261	-	742,218	-	751,479
Fund Balances, July 1	<u>548,302</u>			<u>4,810</u>	<u>553,112</u>
Fund Balances, June 30	<u>\$ 557,563</u>	<u>\$ -</u>	<u>\$ 742,218</u>	<u>\$ 4,810</u>	<u>\$ 1,304,591</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	751,479
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:		
Capital Outlays	\$	175,505
Depreciation Expense		<u>(74,039)</u>
		101,466
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Bond Principal Payments		135,000
In the statement of activities, compensated absences & early retirement benefits 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). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		4,957
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
		(3,373)
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		<u>2,081</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>991,610</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Food Service Total</u>
Current Assets:	
Cash & Cash Equivalents	\$ 7,995
Due from Other Funds	1,426
Receivables from Other Governments:	
Federal	787
State	39
Inventory	<u>1,892</u>
Total Current Assets	<u>13,624</u>
Noncurrent Assets:	
Capital Assets	29,378
Less: Accumulated Depreciation	<u>26,129</u>
Total Noncurrent Assets	<u>3,249</u>
Total Assets	<u>16,873</u>
LIABILITIES	
Current Liabilities:	
Unearned Revenues	<u>1,287</u>
Total Liabilities	<u>1,287</u>
NET POSITION	
Net Investment in Capital Assets	3,249
Unrestricted	<u>12,337</u>
TOTAL NET POSITION	<u>\$ 15,586</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Total
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 16,164
Daily Sales-Nonreimbursable Programs	5,439
Satellite Sales	20,801
Total Operating Revenues	42,404
Other Expenses:	
Costs of Sales-Reimbursable Programs	11,263
Costs of Sales-Nonreimbursable Programs	18,376
Supplies & Materials	1,816
Salaries	25,626
Employee Benefits	2,911
Insurance	2,023
Management Fee	6,302
Repairs and Maintenance	812
Depreciation	544
Total Operating Expenses	71,967
Operating Income (Loss)	(29,563)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	422
Federal Sources:	
National School Lunch Program:	
Cash Assistance	11,546
Non-cash Assistance (Commodities)	8,182
National School Breakfast Program	721
Interest Earned on Investments	4
Total Nonoperating Revenues (Expenses)	20,875
Other Financing Sources:	
Operating Transfer In	8,819
Change in Net Position	131
Net Position, Beginning	15,455
Net Position, Ending	\$ 15,586

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Total
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 42,440
Payments to Food Services Management Co	(56,200)
Payments to Employees and Vendors	(9,631)
Net Cash Provided by (Used For) Operating Activities	<u>(23,391)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	437
Federal Sources	12,304
Operating Transfer In	8,819
Net Interfund Transactions	(1,427)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>20,133</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(2,150)
Net Cash Provided by (Used For) Capital Financing Activities	<u>(2,150)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	4
Net Cash Provided by (Used For) Investing Activities	<u>4</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,404)
Cash and Cash Equivalents, July 1, 2014	<u>13,399</u>
Cash and Cash Equivalents, June 30, 2015	<u><u>\$ 7,995</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ 29,563
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	544
Federal Food Donation Program	8,182
(Increase) Decrease in Accounts Receivable	35
(Increase) Decrease in Inventory	302
Increase (Decrease) in Unearned Revenue	(84)
Increase (Decrease) in Accounts Payable	(2,807)
Net Cash Provided by (Used For) Operating Activities	<u><u>\$ 35,735</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 42,789	\$ 27,217	\$ 85,930
Due from Other Funds	299		
TOTAL ASSETS	<u>43,088</u>	<u>27,217</u>	<u>85,930</u>
LIABILITIES			
Accounts Payable			
Due to Other Funds			299
Due to Student Groups		27,217	
Payroll Deductions & Withholdings			85,631
TOTAL LIABILITIES	<u>-</u>	<u>\$ 27,217</u>	<u>\$ 85,930</u>
NET POSITION	<u>\$ 43,088</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 3,041
Investment Earnings-Interest	<u>18</u>
Total Additions	3,059
DEDUCTIONS	
Unemployment Claims	<u>241</u>
Change in Net Position	2,818
Net Position, Beginning of the Year	<u>40,270</u>
Net Position, End of the Year	<u><u>\$ 43,088</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Frenchtown Borough School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2015 of 142 students.

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

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

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

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.

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. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). 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 the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years
Busses	8 Years

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/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 and, if necessary are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund Types. Unencumbered appropriations lapse at fiscal year end.

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. 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 yearend 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 unearned 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.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2014-2015 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Vehicles	4 to 8
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Unearned Revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund.

M. Long-Term Obligations

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

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

N. Fund Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-Spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Fund Balances-Governmental Funds (cont'd)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

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

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

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents 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. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2015 appear in the financial statements as summarized below:

Cash		<u>\$ 1,049,809</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 885,878
Enterprise Fund, Statement of Net Position	B-4	7,995
Fiduciary Funds, Statement of Net Position	B-7	<u>155,936</u>
Total Cash		<u>\$ 1,049,809</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2015 is \$1,049,809 and the bank balance is \$1,057,348. Of the bank balance, \$250,000 is covered by federal depository insurance and \$807,348 is insured by GUDPA.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
 - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2015, the district had no investments

NOTE 4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 69,500			\$ 69,500
Construction in Progress		\$ 159,782		159,782
Total	<u>69,500</u>	<u>159,782</u>	<u>\$ -0-</u>	<u>229,282</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Being Depreciated:				
Land Improvements	\$ 50,600			\$ 50,600
Building & Improvements	2,974,744			2,974,744
Furniture & Equipment	241,953	\$ 15,723		257,676
Total	<u>3,267,297</u>	<u>15,723</u>	<u>\$ -0-</u>	<u>3,283,020</u>
Accumulated Depreciation:				
Land Improvements	47,053	645		47,698
Building & Improvements	973,740	58,869		1,032,609
Furniture & Equipment	173,092	14,525		187,617
Total	<u>1,193,885</u>	<u>74,039</u>	<u>-0-</u>	<u>1,267,924</u>
Total Capital Assets, Being Depreciated, Net	<u>2,073,412</u>	<u>(58,316)</u>	<u>-0-</u>	<u>2,015,412</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,142,912</u>	<u>\$ 101,466</u>	<u>\$ -0-</u>	<u>\$ 2,244,378</u>
Business-Type Activities:				
Furniture & Equipment	\$ 27,228	\$ 2,150		\$ 29,378
Less: Accum Depreciation	<u>25,585</u>	<u>544</u>		<u>26,129</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,643</u>	<u>\$ 1,606</u>	<u>\$ -0-</u>	<u>\$ 3,249</u>
Depreciation expense was charged to governmental functions in the current year as follows:				
Instruction:				
Regular	\$ 36,981			
Special Education	10,067			
Other Special Instruction	504			
Other Instruction	1,002			
Support Services:				
Student & Instruction	12,297			
General & Business Admin	4,483			
School Administration	2,822			
Transportation	5,581			
Plant & Maintenance	<u>302</u>			
Total Depreciation Expense, Governmental Activities	<u>\$ 74,039</u>			

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 274,000		\$ 135,000	\$ 139,000	\$ 139,000
PERS Net Pension Liability	507,096	\$ 2,792		509,888	
Compensated Absences Payable	<u>83,235</u>	<u>2,429</u>	<u>7,386</u>	<u>78,278</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 864,331</u>	<u>\$ 5,221</u>	<u>\$ 142,386</u>	<u>\$ 727,166</u>	<u>\$ 139,000</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2015 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	<u>\$ 139,000</u>	<u>\$ 6,429</u>	<u>\$ 145,429</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds payable at June 30, 2015, with their outstanding balances are comprised of the following individual issues:

\$1,439,000 - 2001 general obligation school building bonds, due in annual installments of \$75,000 to \$139,000, beginning March 1, 2003, through March 1, 2016, interest at 4.625%	<u>\$ 139,000</u>
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Debt Authorized Not Issued - On July 22, 2014 the Board of Education authorized debt in the amount of \$2,255,000 for "School Facilities Improvement Project". The authorized debt was subsequently approved by referendum of the citizens of Frenchtown Borough.

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2015 is \$4,746,423. General obligation debt at June 30, 2015 is \$2,394,000, resulting in a legal debt margin of \$2,352,423.

School Bonds of 2015 - On July 14, 2015 the District issued \$1,353,000 in general obligation bonds with an interest rate of 3.00% to 3.125%. The proceeds of the bond were to partially finance the debt authorized for the School Facilities Project. Principal payments are due in annual installments of \$75,000 to \$113,000 beginning July 15, 2016 through July 15, 2030.

NOTE 6. PENSION PLANS

Description of Systems

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

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 6. PENSION PLANS

A. Public Employees' Retirement System (PERS) (Cont'd)

The vesting and benefit provisions are set by NJSA 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1.	Members enrolled prior to July 1, 2007
2.	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3.	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4.	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5.	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Allocation Methodology and Reconciliation to Financial Statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2014 and 2013 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Net Pension Liability and Actuarial Information

Components of Net Pension Liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2014 and 2013 are as follows:

	2014	2013
Total Pension Liability	\$ 1,064,057	\$ 988,942
Plan Fiduciary Net Position	<u>554,169</u>	<u>481,846</u>
Net Pension Liability	<u>\$ 509,888</u>	<u>\$ 507,096</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases (Based on Age):	
2012-2021	2.15%-4.40%
Thereafter	3.15%-5.40%
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (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.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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 last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the District as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>2014</u>
At Current Discount Rate (5.39%)	\$ 509,888
At a 1% Lower Rate (4.39%)	641,456
At a 1% Higher Rate (6.39%)	399,404
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 507,096
At a 1% Lower Rate (4.55%)	631,268
At a 1% Higher Rate (6.55%)	403,057

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	16,034	
Net difference between projected and actual earnings on pension plan investments		30,387

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 11,313	
District contributions subsequent to the measurement date	<u>22,451</u>	
Total	<u>\$ 49,798</u>	<u>\$ 30,387</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) of \$22,451 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred Outflows of Resources:				
Changes of Assumptions	\$ -0-	\$ 18,981	\$ 2,947	\$ 16,034
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	37,984	7,597	<u>30,387</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (14,353)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2015	\$ (4,649)
2016	(4,649)
2017	(4,649)
2018	(4,649)
2019	2,947
Thereafter	<u>1,297</u>
Total	<u>\$ (14,352)</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Expense

For the year ended June 30, 2015, the District recognized net pension expense of \$25,824 which represents the District's proportionate share of allocable plan pension expense of \$26,215 plus the net amortization of deferred amounts from changes in proportion of \$2,080 and less other adjustments to the net pension liability of \$2,471. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2014 are as follows:

Service Cost	\$ 23,858
Interest on Total Pension Liability	56,287
Member Contributions	(13,065)
Administrative Expense	398
Expected Investment Return Net of Investment Expense	(36,451)
Pension Expense Related to Specific Liabilities of Individual Employers	(162)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	2,947
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	<u>(7,597)</u>
Pension Expense	<u>\$ 26,215</u>

B. Teacher's Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by NJSA 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully 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.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

The following represents the membership tiers for TPAF:

Tier	Definition
1.	Members enrolled prior to July 1, 2007
2.	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3.	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4.	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5.	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Special Funding Situation

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 7,476,453	\$ 6,689,301
Employer Pension Expense & Related Revenue	402,303	N/A
Non-Employer Contribution	59,422	85,724
Allocable Proportionate Percentage	.0139886032%	.0132358637%

C. Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,200 in 2015) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2012 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2012 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/15	\$ 194,884	100%
06/30/14	156,203	100%
06/30/13	182,231	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/15	\$ 22,451	100%
06/30/14	19,992	100%
06/30/13	19,957	100%

During the year ended June 30, 2015, the State of New Jersey contributed \$119,567 to the TPAF for post-retirement medical benefits, \$5,055 for non-contributory insurance premiums and \$70,262 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$99,655 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and 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. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for 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 Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

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

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

Plan Description (cont'd)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Equitable
 Vanguard

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances as of June 30, 2015 is as follows:

<u>Fund</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>
Unemployment Compensation Fund	\$ 299	
Payroll Agency Fund		\$ 299
General Fund	8,790	1,426
Special Revenue Fund		8,790
Food Service Fund	<u>1,426</u>	
	<u>\$ 10,515</u>	<u>\$ 10,515</u>

The balance due from the Payroll Agency Fund to the Unemployment Compensation Fund of \$299 represents employee withholdings for the unemployment trust not yet transferred at year end. The balance due from the Special Revenue Fund represents an advance due to delayed receipt of grant funds and the balance due to the Food Service Fund represents federal and state aid received in the General Fund not transferred at year end.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 10. INVENTORY

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

Food	\$	1,699
Supplies		193
	\$	1,892

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) 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 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 12. 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. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ 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, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ 18	\$ 3,041	\$ 241	\$ 43,088
2013-2014	-0-	23	2,976	375	40,270
2012-2013	-0-	31	3,016	2,890	37,646

NOTE 13. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District by inclusion of \$1 on September 26, 2000 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.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 13. LEGAL RESERVE ACCOUNTS (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to NJAC 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this statute, the District deposited \$20,399 to the Maintenance Reserve Account, by board resolution in June 2015 as summarized in the following schedule.

The following is a summarization of the Legal Reserve Accounts for the Current year.

Type	Beginning Balance	District Contribution	Interest Earnings	Return of Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 223,094				\$ 19,500	\$ 203,594
Maintenance	25,000	\$ 20,399				45,399
Totals	\$ 248,094	\$ 20,399	\$ -0-	\$ -0-	\$ 19,500	\$ 248,993

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Balances may be reserved or designated. An analysis of the General Fund Balance on June 30, 2015 and 2014 is as follows:

	2015	2014
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the District's Long Range Facilities Plan	\$ 203,594	\$ 223,094
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (18A:76-9)	45,399	25,000
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	16,187	16,187

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)

	<u>2015</u>	<u>2014</u>
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	\$ 33,727	\$ 75,305
Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	79,870	29,712
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>251,044</u>	<u>251,014</u>
Total Fund Balance	<u>\$ 629,821</u>	<u>\$ 620,312</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$-0-.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 13, 2015, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, is not expected to have an 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, which is effective for fiscal periods beginning June 15, 2015 and June 15, 2016 for pension systems not within the scope of GASB 68, is not expected to have an effect on the District's financial reporting.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefits Other than Pension Plans". This statement, which is effective for fiscal periods beginning June 15, 2016, is expected to have a nominal 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 Postemployment Benefits Other than Pensions". This statement, which is effective for fiscal periods beginning June 15, 2017, is expected to have a nominal effect on the District's financial reporting.

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, which is effective for fiscal periods beginning June 15, 2015, is not expected to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning December 15, 2015, is not expected to have an effect on the District's financial reporting.

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2015, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 68, for pension liabilities, adjustments to the net position for the net pension liability and deferred outflows of resources as of the measurement date of June 30, 2014 are necessary. The following is a summary of the District's restatement of net position as of June 30, 2014:

	Governmental Activities
Net Position, June 30, 2014 as Originally Stated	\$ 2,334,565
Add: Deferred Outflow of Resources for Pension Activity	19,992
Less: Net Pension Liability as of June 30, 2014	(507,096)
Net Position, June 30, 2014 as Restated	\$ 1,847,461

NOTE 19. DEFICIT BALANCE IN UNRESTRICTED NET POSITION

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2015 of \$262,328 on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
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	\$ 1,739,200		\$ 1,739,200	\$ 1,739,200	
Tuition from Individuals	56,500		56,500	58,018	\$ 1,518
Interest on Investments				572	572
Unrestricted Miscellaneous Revenues				5,106	5,106
Total	1,795,700	\$ -	1,795,700	1,802,896	7,196
State Sources:					
Categorical Special Education Aid	85,703		85,703	85,703	
Equalization Aid	508,039		508,039	508,039	
Categorical Security Aid	3,251		3,251	3,251	
Categorical Transportation Aid	457		457	457	
School Choice Aid	145,095	(9,673)	135,422	135,422	
PARCC Readiness Aid	1,240		1,240	1,240	
Per Pupil Growth Aid	1,240		1,240	1,240	
Nonpublic School Transportation Aid				1,044	1,044
On-Behalf TPAF Pension Contributions				75,317	75,317
On-Behalf TPAF Post Retirement Medical Benefits				119,567	119,567
Reimbursed TPAF Social Security Contribution				99,655	99,655
Total	745,025	(9,673)	735,352	1,030,935	295,583
TOTAL REVENUES	\$ 2,540,725	\$ (9,673)	\$ 2,531,052	\$ 2,833,831	\$ 302,779
EXPENDITURES					
Current:					
Regular Programs:					
Instruction-Salaries of Teachers:					
Kindergarten	\$ 77,207	\$ (3,154)	\$ 74,053	\$ 74,053	
Grades 1-5	420,924	(29,848)	391,076	390,437	\$ 639
Grades 6-8	328,793	(14,330)	314,463	314,199	264
Home Instruction:					
Salaries of Teachers	1,077	(1,077)			
Purchased Professional-Educational Services	7,000	(700)	6,300	4,905	1,395
Undistributed Instruction:					
Other Salaries for Instruction	969	(756)	213		213
Other Purchased Services	84,938	(7,800)	77,138	66,607	10,531
General Supplies	67,832	(881)	66,951	66,613	338
Textbooks	10,000	(10,000)			
Other Objects	4,550	(2,830)	1,720	1,720	
Total	1,003,290	(71,376)	931,914	918,534	13,380
Resource Room/Center:					
Salaries of Teachers	123,801	57,995	181,796	181,796	
Other Salaries for Instruction	32,052	(8,795)	23,257	21,160	2,097
General Supplies	1,750		1,750	1,063	687
Textbooks	250		250		250
Total	157,853	49,200	207,053	204,019	3,034
Preschool Disabilities-Part-Time:					
Salaries of Teachers	53,255	(4,886)	48,369	48,369	
Other Salaries for Instruction	37,943	(20,308)	17,635	17,635	
Other Purchased Services	200	(200)			
General Supplies	500	(438)	62	62	
Total	91,898	(25,832)	66,066	66,066	-
Total Special Education	249,751	23,368	273,119	270,085	3,034

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
School Sponsored Co-Curricular Activities:					
Salaries	\$ 12,423	\$ 7,014	\$ 19,437	\$ 19,437	
Supplies and Materials	500	(500)			
Total	12,923	6,514	19,437	19,437	\$ -
School Sponsored Athletics:					
Salaries	10,123	377	10,500	10,500	
Purchased Services	3,890	(2,733)	1,157	1,157	
Supplies & Materials	1,500	(1,065)	435	435	
Total	15,513	(3,421)	12,092	12,092	-
Total Instruction Regular	\$ 1,281,477	\$ (44,915)	\$ 1,236,562	\$ 1,220,148	\$ 16,414
Undistributed Expenditures;					
Instruction Tuition:					
Tuition to Other LEAs within the State-Special		\$ 33,719	\$ 33,719	\$ 33,719	
Tuition to Private School for the Disabled W/I State	\$ 3,000	(730)	2,270	1,200	\$ 1,070
Total	3,000	32,989	35,989	34,919	1,070
Health Services:					
Salaries	59,542	2,738	62,280	62,280	
Purchased Professional & Technical Svcs	1,400	(248)	1,152	1,152	
Supplies & Materials	1,700	(245)	1,455	1,454	1
Total	62,642	2,245	64,887	64,886	1
Speech, OT, PT & Related Services:					
Salaries	35,735	(3,386)	32,349	32,348	1
Purchased Professional-Educational Services	28,000	(25,000)	3,000	1,779	1,221
Supplies & Materials	1,500	(1,500)			
Total	65,235	(29,886)	35,349	34,127	1,222
Guidance:					
Salaries of Other Professional Staff	22,873	(1,037)	21,836	21,836	
Supplies & Materials	250		250		250
Total	23,123	(1,037)	22,086	21,836	250
Child Study Team:					
Salaries of Other Professional Staff	120,367	(34,885)	85,482	67,909	17,573
Salaries of Secretarial & Clerical Assistants	41,729		41,729	40,450	1,279
Purchased Professional-Educational Services	1,000	(813)	187		187
Miscellaneous Purchased Services	500		500		500
Supplies & Materials	1,532		1,532	247	1,285
Total	165,128	(35,698)	129,430	108,606	20,824

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Improvement of Instruction:					
Salaries of Supervisor of Instruction	\$ -	\$ 14,533	\$ 14,533	\$ 14,533	\$ -
Educational Media Services/School Library:					
Salaries	34,982	5,841	40,823	40,822	1
Purchased Professional & Technical Services	15,475	(10,120)	5,355	3,674	1,681
Other Purchased Services	520	10,120	10,640	6,559	4,081
Supplies & Materials	4,625	(2,000)	2,625	872	1,753
Total	55,602	3,841	59,443	51,927	7,516
Instructional Staff Training Services:					
Other Purchased Services	5,000		5,000	3,050	1,950
Supplies and Materials	500		500		500
Total	5,500	-	5,500	3,050	2,450
Support Services-General Administration:					
Salaries	40,080	(38,080)	2,000	2,000	
Legal Services	3,000		3,000	2,228	772
Audit Fees	11,750	725	12,475	12,475	
Architect/Eng Services		150	150	150	
Purchased Tech Services		20,000	20,000	20,000	
Miscellaneous Purchased Services	1,320	12,425	13,745	8,332	5,413
General Supplies	200		200		200
Board of Education In-House Training/Meeting Supplies	100		100		100
Miscellaneous Expenditures	2,453	(1,385)	1,068	900	168
Board of Education Membership Dues and Fees	2,745		2,745	2,432	313
Total	61,648	(6,165)	55,483	48,517	6,966
Support Services-School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	38,080	20,000	58,080	58,080	
Salaries of Secretarial & Clerical Assistants	19,166	(375)	18,791	18,791	
Other Purchased Services		1,537	1,537	1,500	37
Supplies & Materials	250	(31)	219	219	
Total	57,496	21,131	78,627	78,590	37
Central Services:					
Salaries	9,778	5,157	14,935	14,935	
Purchased Professional Services	47,160		47,160	46,708	452
Purchased Technical Services	6,000		6,000	5,733	267
Miscellaneous Purchased Services	3,650	(2,821)	829	829	
Supplies & Materials	150		150	52	98
Interest on Current Loans		3,623	3,623		3,623
Miscellaneous Expenditures	400	(300)	100		100
Total	67,138	5,659	72,797	68,257	4,540
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	46,856	(4,102)	42,754	33,947	8,807
Custodial Services:					
Salaries	60,200	21,402	81,602	81,243	359
Purchased Professional and Technical Services	7,500	(400)	7,100	4,126	2,974
Cleaning, Repair & Maintenance Services	3,875	(12)	3,863	1,959	1,904
Other Purchased Property Services	6,880	600	7,480	7,479	1
Insurance	23,400	(1,105)	22,295	22,294	1
Miscellaneous Purchased Services	300		300		300
General Supplies	10,978		10,978	7,394	3,584
Energy (Natural Gas)	2,000		2,000	1,101	899
Energy (Electricity)	37,000		37,000	30,016	6,984
Energy (Oil)	65,000	(11,048)	53,952	50,724	3,228
Total	217,133	9,437	226,570	206,336	20,234
Care and Upkeep of Grounds:					
Salaries	17,126	-	17,126	16,790	336

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 10,000	\$ (2,258)	\$ 7,742	\$ 7,467	\$ 275
Salaries for Pupil Trans (Other than Btw Home & Sch)	7,664		7,664	7,664	
Cleaning, Repair & Maintenance Services	1,500	(856)	644	525	119
Contract Svc (Other than Btw Home & Sch)-Vendor	2,000	5,723	7,723	7,722	1
Contract Svc (Special Educ Students)-ESCs & CTSA's		41,486	41,486	41,486	
Contract Svc-Aid in Lieu Payments-Non Public School		5,304	5,304	5,304	
Contract Svc-Aid in Lieu Payments-Charter School	8,100	(8,100)			
Contract Svc-Aid in Lieu Payments-Choice Schools	884	4,536	5,420	5,420	
General Supplies		518	518	518	
Total	30,148	46,353	76,501	76,106	395
Allocated Benefits-Employee:					
Regular Programs:					
Social Security Contributions	1,083	(1,083)			
Other Retirement Contributions-PERS	26,878	(23,997)	2,881	2,453	428
Unemployment Compensation	5,100	(5,100)			
Workmen's Compensation	10,283	(1,815)	8,468	8,468	
Health Benefits	200,653	6,270	206,923	206,923	
Tuition Reimbursement	7,500	(3,756)	3,744	3,744	
Other Employee Benefits	500	25	525	483	42
Total	251,997	(29,456)	222,541	222,071	470
Special Programs:					
Social Security Contributions	6,024	(6,024)			
Other Retirement Contributions-PERS	7,500		7,500	7,500	
Workmen's Compensation	3,500	(930)	2,570	2,569	1
Health Benefits		20,229	20,229	18,260	1,969
Total	17,024	13,275	30,299	28,329	1,970
Other Instructional Programs:					
Social Security Contributions	950	(950)			
Total	950	(950)	-	-	-
Health Services:					
Social Security Contributions	61		61		61
Workmen's Compensation	700	(80)	620	620	
Health Benefits	16,227		16,227	15,405	822
Total	16,988	(80)	16,908	16,025	883
Speech, OT, PT & Related Services:					
Social Security Contributions	153		153		153
Workmen's Compensation	700	(328)	372	372	
Health Benefits	1,000		1,000	1,000	
Total	1,853	(328)	1,525	1,372	153

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Allocated Benefits-Employee: (cont'd)					
Child Study Team:					
Social Security Contributions	\$ 3,192		\$ 3,192		\$ 3,192
Other Retirement Contributions-PERS	5,400		5,400	\$ 5,400	
Workmen's Compensation	900	\$ 786	1,686	1,686	
Health Benefits	16,885		16,885	15,385	1,500
Other Employee Benefits	1,900		1,900	1,868	32
Total	28,277	786	29,063	24,339	4,724
Educational Media Services/School Library:					
Workmen's Compensation	350	14	364	364	
Health Benefits	15,363		15,363	15,163	200
Total	15,713	14	15,727	15,527	200
Support Services-General Administration:					
Social Security Contributions					
Workmen's Compensation	220	(220)			
Health Benefits	7,579		7,579	7,579	
Total	7,799	(220)	7,579	7,579	-
Support Services-School Administration:					
Social Security Contributions	1,466	(1,466)			
Other Retirement Contributions-PERS	900		900	900	
Workmen's Compensation	250		250	250	
Health Benefits	9,072	(20)	9,052	9,052	
Total	11,688	(1,486)	10,202	10,202	-
Central Services:					
Social Security Contributions	1,131	(830)	301		301
Other Retirement Contributions-PERS	1,500		1,500	1,500	
Workmen's Compensation	650	(548)	102	102	
Health Benefits	15,144		15,144	15,084	60
Total	18,425	(1,378)	17,047	16,686	361
Other Operation & Maintenance of Plant Services:					
Social Security Contributions	5,915	(459)	5,456		5,456
Other Retirement Contributions-PERS	6,500		6,500	6,500	
Workmen's Compensation	2,500	(1,550)	950	950	
Health Benefits	32,383		32,383	32,179	204
Other Employee Benefits		300	300	300	
Total	47,298	(1,709)	45,589	39,929	5,660
Total Allocated Benefits	418,012	(21,532)	396,480	382,059	14,421
Unallocated Benefits:					
Social Security Contributions	30,000	1,337	31,337	30,701	636
Other Retirement Contributions-PERS	3,500	(2,849)	651	651	
Total	33,500	(1,512)	31,988	31,352	636

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Food Services:					
Transfer to Cover Deficit-(Enterprise Fund)	\$ 10,000	\$ (10,000)	\$ -	\$ -	\$ -
On-Behalf TPAF Pension Contributions				75,317	(75,317)
On-Behalf TPAF Post Retirement Medical Benefits				119,567	(119,567)
Reimbursed TPAF Social Security Contribution				99,655	(99,655)
Total	-	-	-	294,539	(294,539)
Total Undistributed Expenditures	\$ 1,339,287	\$ 26,256	\$ 1,365,543	\$ 1,570,377	\$ (204,834)
TOTAL CURRENT	\$ 2,620,764	\$ (18,659)	\$ 2,602,105	\$ 2,790,525	\$ (188,420)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Instruction					
Undistributed Expenditures-Central Services	\$ 12,170		\$ 12,170	\$ 12,170	
Facilities Acquisition & Construction Services:					
Construction Services		\$ 19,500	19,500		\$ 19,500
Assessment for Debt Service on SDA Funding	12,808		12,808	12,808	
TOTAL CAPITAL OUTLAY	\$ 24,978	\$ 19,500	\$ 44,478	\$ 24,978	\$ 19,500
TOTAL EXPENDITURES	\$ 2,645,742	\$ 841	\$ 2,646,583	\$ 2,815,503	\$ (168,920)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (105,017)	\$ (10,514)	\$ (115,531)	\$ 18,328	\$ 133,859
Other Financing Sources (Uses):					
Operating Transfer Out-Food Service Fund		(10,000)	(10,000)	(8,819)	1,181
Total Other Financing Sources (Uses)	-	(10,000)	(10,000)	(8,819)	1,181
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(105,017)	(20,514)	(125,531)	9,509	135,040
Fund Balances, July 1	620,312	-	620,312	620,312	-
Fund Balances, June 30	\$ 515,295	\$ (20,514)	\$ 494,781	\$ 629,821	\$ 135,040
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (75,305)		\$ (75,305)	\$ (75,305)	
Increase (Decrease) in Capital Reserve		\$ (19,500)	(19,500)	(19,500)	
Increase (Decrease) in Maintenance Reserve		20,399	20,399	20,399	
Budgeted Fund Balance	(29,712)	(21,413)	(51,125)	83,915	\$ 135,040
TOTAL	\$ (105,017)	\$ (20,514)	\$ (125,531)	\$ 9,509	\$ 135,040

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:			
Excess Surplus:			
Prior Year-Designated for 2015-2016 Budget			\$ 16,187
Committed Fund Balance:			
Capital Reserve	\$ 203,594		
Maintenance Reserve	<u>45,399</u>		
		\$	<u>248,993</u>
Assigned Fund Balance:			
Year-End Encumbrances	33,727		
Designated for Subsequent Year's Expenditures	<u>79,870</u>		
			113,597
Unassigned Fund Balance			<u>251,044</u>
			629,821
Reconciliation to Governmental Statements (GAAP):			
Last State Aid Payments Not Recognized on GAAP Basis			<u>(72,258)</u>
Fund Balance Per Governmental Funds (GAAP)			<u>\$ 557,563</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 2,000		\$ 2,000		\$ (2,000)
State Sources	468		468	\$ 456	(12)
Federal Sources	79,704	\$ 13,286	92,990	92,990	
TOTAL REVENUES	<u>\$ 82,172</u>	<u>\$ 13,286</u>	<u>\$ 95,458</u>	<u>\$ 93,446</u>	<u>\$ (2,012)</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 31,179		\$ 31,179	\$ 31,179	
Textbooks	119		119	119	
General Supplies	21,429	\$ 3,980	25,409	25,409	
Total	<u>52,727</u>	<u>3,980</u>	<u>56,707</u>	<u>56,707</u>	<u>\$ -</u>
Support Services:					
Personal Service Employee Benefits	6,110	1	6,111	6,111	
Purchased Professional & Tech Services		5,603	5,603	5,603	
Other Purchased Professional Services	18,773	(1)	18,772	18,760	12
Other Purchased Services	4,562	942	5,504	5,504	
General Supplies		2,761	2,761	761	2,000
Total	<u>29,445</u>	<u>9,306</u>	<u>38,751</u>	<u>36,739</u>	<u>2,012</u>
TOTAL EXPENDITURES	<u>\$ 82,172</u>	<u>\$ 13,286</u>	<u>\$ 95,458</u>	<u>\$ 93,446</u>	<u>\$ 2,012</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION-PART II

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 2,833,831	\$ 93,446
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Current Year		(5,875)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	72,010	
State Aid Receivable Current Year	(72,258)	
Total Revenues (GAAP Basis)	\$ 2,833,583	\$ 87,571
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,815,503	\$ 93,446
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Current Year		(5,875)
Total Expenditures (GAAP Basis)	\$ 2,815,503	\$ 87,571

REQUIRED SUPPLEMENTARY INFORMATION-PART III

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-TEACHER'S PENSION AND ANNUITY FUND
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.00%	0.00%							
District's Proportion of the Net Pension Liability (Asset)- Value	N/A	\$ -	\$ -	N/A						
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		7,476,453	6,689,301							
Total	\$ -	\$ 7,476,453	\$ 6,689,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 1,096,164	\$ 990,785							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	0.00%	0.00%	N/A						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-TEACHER'S PENSION AND ANNUITY FUND
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution	\$ 75,317	\$ 59,178	\$ 85,525	\$ 50,595	\$ 4,873	\$ 5,082	\$ 4,642	\$ 112,114	\$ 95,743	\$ 14,073
Contribution Deficiency (Excess)	(75,317)	(59,178)	(85,525)	(50,595)	(4,873)	(5,082)	(4,642)	(112,114)	(95,743)	(14,073)
District's Covered Employee Payroll	\$ 1,258,538	\$ 1,096,164	\$ 990,785	\$ 1,335,077	\$ 1,239,498	\$ 1,566,135	\$ 1,547,433	\$ 1,401,014	\$ 1,346,742	\$ 1,309,174
Contributions as a Percentage of Covered Employee Payroll	5.98%	5.40%	8.63%	3.79%	0.39%	0.32%	0.30%	8.00%	7.11%	1.07%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.0027233616%	0.0026532902%							
District's Proportion of the Net Pension Liability (Asset)- Value		\$ 509,888	\$ 507,096							
District's Covered Employee Payroll	N/A	177,681	140,144	N/A						
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		286.97%	361.84%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 22,451	\$ 19,992	\$ 19,957	\$ 19,871	\$ 21,065	\$ 14,821	\$ 15,610	\$ 8,886	\$ 4,845	\$ 2,254
Contributions in Relation to the Contractually Required Contribution	(22,451)	(19,992)	(19,957)	(19,871)	(21,065)	(14,821)	(15,610)	(8,886)	(4,845)	(2,254)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 201,680	\$ 177,681	\$ 140,144	\$ 183,040	\$ 177,294	\$ 190,537	\$ 179,116	\$ 162,525	\$ 168,479	\$ 137,917
Contributions as a Percentage of Covered Employee Payroll	11.13%	11.25%	14.24%	10.86%	11.88%	7.78%	8.72%	5.47%	2.88%	1.63%

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION-PART III

FRENCHTOWN TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
(UNAUDITED)

JUNE 30, 2014 AND 2013

NOTE 1. SPECIAL FUNDING SITUATION-TPAF

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	NJ Non-public	Other	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Preschool	REAP	Total
REVENUES								
State Sources	\$ 456							\$ 456
Federal Sources		\$ 1,703	\$ 18,556	\$ 4,562	\$ 37,711	\$ 1,056	\$ 29,402	92,990
TOTAL REVENUES	\$ 456	\$ 1,703	\$ 18,556	\$ 4,562	\$ 37,711	\$ 1,056	\$ 29,402	\$ 93,446
EXPENDITURES								
Instruction:								
Salaries			\$ 13,500		\$ 17,679			\$ 31,179
Textbooks	\$ 119							119
General Supplies	64		1,546				\$ 23,799	25,409
Totals	183	\$ -	15,046	\$ -	17,679	\$ -	23,799	56,707
Support Services:								
Personal Service Employee Benefits			3,510		2,601			6,111
Purchased Professional & Tech Services							5,603	5,603
Other Purchased Professional Services	273				17,431	1,056		18,760
Other Purchased Services		942		4,562				5,504
General Supplies		761						761
Totals	273	1,703	3,510	4,562	20,032	1,056	5,603	36,739
TOTAL EXPENDITURES	\$ 456	\$ 1,703	\$ 18,556	\$ 4,562	\$ 37,711	\$ 1,056	\$ 29,402	\$ 93,446

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

(NOT APPLICABLE TO THIS REPORT)

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources:		
State Sources:		
SDA Grants		\$ 902,000
Expenditures and Other Financing Uses:		
Purchased Professional and Technical Services	\$ 115,598	
Bonding/Legal Fees	9,145	
Construction Services	<u>35,039</u>	
		<u>159,782</u>
Change in Fund Balance		742,218
Fund Balance-Beginning		<u>-</u>
Fund Balance-End		<u>\$ 742,218</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources:				
SDA Grant		\$ 252,000	\$ 252,000	\$ 252,000
Local Sources:				
Bond Proceeds				378,000
Total Revenues	\$ -	252,000	252,000	630,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		33,169	33,169	46,288
Bonding/Legal Fees		2,630	2,630	5,000
Construction Services		557	557	529,000
Construction Contingency				49,712
Total Expenditures	-	36,356	36,356	630,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 215,644	\$ 215,644	\$ -

Additional Project Information:

Project Number	80-050-14-2003-GO4
Grant Date	01/06/14
Original Bonds Authorized Date	07/22/14
Original Bonds Authorized	\$ 378,000
Original Bonds Issued	\$ -
Additional Bonds Issued	\$ -
Percentage Completion	34.23%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-TOILET RENOVATION PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources:				
SDA Grant		\$ 162,000	\$ 162,000	\$ 162,000
Local Sources:				
Bond Proceeds				243,000
Total Revenues	\$ -	162,000	162,000	405,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		26,540	26,540	29,750
Bonding/Legal Fees		1,811	1,811	5,000
Construction Services		17,157	17,157	340,000
Construction Contingency				60,000
Total Expenditures	-	45,508	45,508	405,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 116,492	\$ 116,492	\$ -

Additional Project Information:

Project Number	80-050-14-2005-GO4
Grant Date	01/06/14
Original Bonds Authorized Date	07/22/14
Original Bonds Authorized	\$ 243,000
Original Bonds Issued	\$ -
Additional Bonds Issued	\$ -
Percentage Completion	28.76%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-WINDOW REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources:				
SDA Grant		\$ 308,000	\$ 308,000	\$ 308,000
Local Sources:				
Bond Proceeds				462,000
Total Revenues	\$ -	-	-	770,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		36,666	36,666	56,438
Bonding/Legal Fees		3,067	3,067	5,000
Construction Services		759	759	645,000
Construction Contingency				63,562
Total Expenditures	-	40,492	40,492	770,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (40,492)	\$ (40,492)	\$ -

Additional Project Information:

Project Number	80-050-14-2004-GO4
Grant Date	01/06/14
Original Bonds Authorized Date	07/22/14
Original Bonds Authorized	\$ 462,000
Original Bonds Issued	\$ -
Additional Bonds Issued	\$ -
Percentage Completion	5.26%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-BOILER PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources:				
SDA Grant		\$ 180,000	\$ 180,000	\$ 180,000
Local Sources:				
Bond Proceeds				270,000
Total Revenues	\$ -	180,000	180,000	450,000
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				
Services		19,223	19,223	29,792
Bonding/Legal Fees		1,637	1,637	20,000
Construction Services		16,566	16,566	363,825
Construction Contingency				36,383
Total Expenditures	-	37,426	37,426	450,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 142,574	\$ 142,574	\$ -

Additional Project Information:

Project Number	80-050-14-2002-GO4
Grant Date	01/06/14
Original Bonds Authorized Date	07/22/14
Original Bonds Authorized	\$ 450,000
Original Bonds Issued	\$ -
Additional Bonds Issued	\$ -
Percentage Completion	31.68%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF TEMPORARY NOTES PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Issue</u>	<u>Original Date of Issue</u>	<u>Original Amount of Issue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 07/01/14</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 06/30/15</u>
School Facilities Projects- 2014-15 Projects	12/23/14	\$ 800,000	12/23/14	07/22/15	0.78%		\$ 800,000		\$ 800,000
						<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ 800,000</u>

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2015

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 7,995
Due from Other Funds	1,426
Receivables from Other Governments:	
Federal	787
State	39
Other	1,485
Inventory	1,892
Total Current Assets	<u>13,624</u>

Noncurrent Assets:

Capital Assets	29,378
Less: Accumulated Depreciation	<u>26,129</u>
Total Noncurrent Assets	<u>3,249</u>

Total Assets	<u>16,873</u>
--------------	---------------

LIABILITIES

Current Liabilities:

Unearned Revenues	<u>1,287</u>
Total Liabilities	<u>1,287</u>

NET POSITION

Net Investment in Capital Assets	3,249
Unrestricted	<u>12,337</u>
TOTAL NET POSITION	<u>\$ 15,586</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES EXPENSES, AND
CHANGES IN FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 16,164
Daily Sales-Nonreimbursable Programs	5,439
Satellite Sales	20,801
Total Operating Revenues	<u>42,404</u>
Other Expenses:	
Costs of Sales-Reimbursable Programs	11,263
Costs of Sales-Nonreimbursable Programs	18,376
Supplies & Materials	1,816
Salaries	25,626
Employee Benefits	2,911
Insurance	2,023
Management Fee	6,302
Other Purchased Services	2,294
Repairs and Maintenance	812
Depreciation	544
Total Operating Expenses	<u>71,967</u>
Operating Income (Loss)	<u>(29,563)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	422
Federal Sources:	
National School Lunch Program:	
Cash Assistance	11,546
Non-cash Assistance (Commodities)	8,182
National School Breakfast Program	721
Interest Earned on Investments	4
Total Nonoperating Revenues (Expenses)	<u>20,875</u>
Other Financing Sources:	
Operating Transfer In	<u>8,819</u>
Change in Net Position	131
Net Position, Beginning	<u>15,455</u>
Net Position, Ending	<u>\$ 15,586</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 42,440
Payments to Food Services Management Co	(56,200)
Payments to Employees and Vendors	(9,631)
Net Cash Provided by (Used For) Operating Activities	<u>(23,391)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	437
Federal Sources	12,304
Operating Transfer In	8,819
Net Interfund Transactions	(1,427)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>20,133</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(2,150)
Net Cash Provided by (Used For) Capital Financing Activities	<u>(2,150)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	4
Net Cash Provided by (Used For) Investing Activities	<u>4</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,404)
Cash and Cash Equivalents, July 1, 2014	<u>13,399</u>
Cash and Cash Equivalents, June 30, 2015	<u>\$ 7,995</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (29,563)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	544
Federal Food Donation Program	8,182
(Increase) Decrease in Accounts Receivable	35
(Increase) Decrease in Inventory	302
Increase (Decrease) in Unearned Revenue	(84)
Increase (Decrease) in Accounts Payable	(2,807)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (23,391)</u>

FIDUCIARY FUND
DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 42,789	\$ 27,217	\$ 85,930	\$ 155,936
Due from Other Funds	299			299
Total Assets	43,088	27,217	85,930	156,235
LIABILITIES				
Due to Other Funds			299	299
Due to Student Groups		27,217		27,217
Payroll Deductions & Withholdings			85,631	85,631
Total Liabilities	-	27,217	85,930	113,147
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	43,088	-	-	43,088
Total Net Position	\$ 43,088	\$ -	\$ -	\$ 43,088

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 3,041
Investment Earnings-Interest	18
Total Additions	<u>3,059</u>
DEDUCTIONS	
Unemployment Claims	<u>241</u>
Change in Net Position	2,818
Net Position, Beginning of the Year	<u>40,270</u>
Net Position, End of the Year	<u><u>\$ 43,088</u></u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/15</u>
ASSETS				
Cash and Cash Equivalents	\$ 30,953	\$ 22,329	\$ 26,065	\$ 27,217
TOTAL ASSETS	<u>\$ 30,953</u>	<u>\$ 22,329</u>	<u>\$ 26,065</u>	<u>\$ 27,217</u>
LIABILITIES				
Due to Students Groups	\$ 30,953	\$ 22,329	\$ 26,065	\$ 27,217
TOTAL LIABILITIES	<u>\$ 30,953</u>	<u>\$ 22,329</u>	<u>\$ 26,065</u>	<u>\$ 27,217</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/15</u>
ASSETS				
Cash and Cash Equivalents	\$ 16,818	\$ 1,923,892	\$ 1,854,780	\$ 85,930
TOTAL ASSETS	<u>\$ 16,818</u>	<u>\$ 1,923,892</u>	<u>\$ 1,854,780</u>	<u>\$ 85,930</u>
LIABILITIES				
Due to Other Funds	\$ 299			\$ 299
Summer Pay		\$ 66,538	\$ 9,339	57,199
Payroll Deductions & Withholding	15,121	830,023	818,340	26,804
Net Payroll	<u>1,398</u>	<u>1,027,331</u>	<u>1,027,101</u>	<u>1,628</u>
TOTAL LIABILITIES	<u>\$ 16,818</u>	<u>\$ 1,923,892</u>	<u>\$ 1,854,780</u>	<u>\$ 85,930</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/14	Issued	Retired	Balance 06/30/15
			Date	Amount					
Series 2001	05/01/01	\$ 1,439,000	03/01/16	\$ 139,000	4.625%	\$ 274,000		\$ 135,000	\$ 139,000
						\$ 274,000	\$ -	\$ 135,000	\$ 139,000

FRENCHTOWN BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 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	\$ 147,673		\$ 147,673	\$ 147,673	
Total Revenues	147,673	\$ -	147,673	147,673	\$ -
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	12,673		12,673	12,673	
Redemption of Bond Principal	135,000		135,000	135,000	
Total Expenditures	147,673	-	147,673	147,673	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, July 1	4,810	-	4,810	4,810	-
Fund Balance, June 30	\$ 4,810	\$ -	\$ 4,810	\$ 4,810	\$ -

STATISTICAL SECTION

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 1,368,953	\$ 1,393,464	\$ 1,423,180	\$ 1,483,848	\$ 1,527,013	\$ 1,583,398	\$ 1,637,040	\$ 1,704,199	\$ 1,868,912	\$ 2,105,378
Restricted	100,550	104,791	109,159	109,287	113,604	114,219	139,675	116,934	252,904	996,021
Unrestricted	143,602	179,186	203,235	120,254	64,083	221,778	188,687	311,072	(274,355)	(262,328)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$ 1,613,105	\$ 1,677,441	\$ 1,735,574	\$ 1,713,389	\$ 1,704,700	\$ 1,919,395	\$ 1,965,402	\$ 2,132,205	\$ 1,847,461	\$ 2,839,071
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets		\$ 4,196	\$ 3,831	\$ 3,466	\$ 3,102	\$ 2,737	\$ 2,372	\$ 2,008	\$ 1,643	\$ 3,249
Unrestricted	\$ 2,834	(613)	7,374	9,627	9,407	13,268	12,223	15,759	13,812	12,337
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 2,834	\$ 3,583	\$ 11,205	\$ 13,093	\$ 12,509	\$ 16,005	\$ 14,595	\$ 17,767	\$ 15,455	\$ 15,586
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 1,368,953	\$ 1,397,660	\$ 1,427,011	\$ 1,487,314	\$ 1,530,115	\$ 1,586,135	\$ 1,639,412	\$ 1,706,207	\$ 1,870,555	\$ 2,108,627
Restricted	100,550	104,791	109,159	109,287	113,604	114,219	139,675	116,934	252,904	996,021
Unrestricted	146,436	178,573	210,609	129,881	73,490	235,046	200,910	326,831	(260,543)	(249,991)
TOTAL DISTRICT-WIDE	\$ 1,615,939	\$ 1,681,024	\$ 1,746,779	\$ 1,726,482	\$ 1,717,209	\$ 1,935,400	\$ 1,979,997	\$ 2,149,972	\$ 1,862,916	\$ 2,854,657

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 1,194,332	\$ 1,268,495	\$ 1,283,758	\$ 1,252,784	\$ 1,361,462	\$ 1,113,235	\$ 1,186,985	\$ 1,262,847	\$ 1,259,721	\$ 1,650,507
Special Education	292,387	322,633	325,980	371,898	356,717	408,963	416,596	418,171	440,745	454,682
Other Special Education	48,128	23,459	39,677	55,755	51,969	50,132	23,866	38,192	40,565	16,359
Other Instruction	25,189	37,853	24,811	22,525	17,509	24,549	27,786	23,354	37,082	32,531
Support Services:										
Tuition	47,397	25,696	52,030	23,416	52,799	1,125	66,420	16,250	1,822	34,919
Student & Instruction Related Services	350,114	406,115	414,783	439,504	469,155	424,222	427,911	412,028	388,465	501,078
General & Business Administrative Services	179,767	156,569	165,854	179,702	164,062	121,655	154,246	161,111	206,275	147,189
School Administration	88,491	65,542	74,063	70,792	63,896	99,003	102,065	73,510	82,622	119,676
Plant Operations & Maintenance	238,484	231,226	201,102	268,369	224,628	205,402	274,994	276,299	287,846	307,965
Pupil Transportation	30,250	20,026	35,784	51,538	49,362	51,771	63,487	49,144	55,282	84,395
Interest and Other Charges on Long-Term Debt	56,165	52,156	47,924	44,436	40,218	45,511	35,721	30,427	29,335	23,400
Total Governmental Activities Expenses	<u>2,550,704</u>	<u>2,609,770</u>	<u>2,665,766</u>	<u>2,780,719</u>	<u>2,851,777</u>	<u>2,545,568</u>	<u>2,780,077</u>	<u>2,761,333</u>	<u>2,829,760</u>	<u>3,372,701</u>
Business-Type Activities:										
Food Services	46,093	66,535	66,898	67,892	59,080	58,450	71,134	65,516	69,869	71,967
Total Business-Type Activities	<u>46,093</u>	<u>66,535</u>	<u>66,898</u>	<u>67,892</u>	<u>59,080</u>	<u>58,450</u>	<u>71,134</u>	<u>65,516</u>	<u>69,869</u>	<u>71,967</u>
TOTAL DISTRICT EXPENSES	<u>\$ 2,596,797</u>	<u>\$ 2,676,305</u>	<u>\$ 2,732,664</u>	<u>\$ 2,848,611</u>	<u>\$ 2,910,857</u>	<u>\$ 2,604,018</u>	<u>\$ 2,851,211</u>	<u>\$ 2,826,849</u>	<u>\$ 2,899,629</u>	<u>\$ 3,444,668</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services	\$ 91,107	\$ 125,608	\$ 136,829	\$ 220,382	\$ 206,007	\$ 103,489	\$ 50,788	\$ 18,000	\$ 116,168	\$ 60,328
Operating Grants & Contributions	51,202	95,053	70,374	62,089	88,332	101,891	102,224	73,523	99,412	87,571
Capital Grants & Contributions		43,199								902,000
Total Governmental Activities Program Revenues	142,309	263,860	207,203	282,471	294,339	205,380	153,012	91,523	215,580	1,049,899
Business-Type Activities:										
Charges for Services:										
Food Service	27,917	44,320	45,781	43,262	40,296	40,901	44,751	41,312	41,534	42,404
Operating Grants & Contributions	9,273	12,564	14,773	17,838	18,186	21,010	16,898	17,997	20,488	20,871
Total Business-Type Activities Program Revenues	37,190	56,884	60,554	61,100	58,482	61,911	61,649	59,309	62,022	63,275
TOTAL DISTRICT-PROGRAM REVENUES	\$ 179,499	\$ 320,744	\$ 267,757	\$ 343,571	\$ 352,821	\$ 267,291	\$ 214,661	\$ 150,832	\$ 277,602	\$ 1,113,174
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (2,408,395)	\$ (2,345,910)	\$ (2,458,563)	\$ (2,498,248)	\$ (2,557,438)	\$ (2,340,188)	\$ (2,627,065)	\$ (2,669,810)	\$ (2,614,180)	\$ (2,322,802)
Business-Type Activities	(8,903)	(9,651)	(6,344)	(6,792)	(598)	3,461	(9,485)	(6,207)	(7,847)	(8,692)
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (2,417,298)	\$ (2,355,561)	\$ (2,464,907)	\$ (2,505,040)	\$ (2,558,036)	\$ (2,336,727)	\$ (2,636,550)	\$ (2,676,017)	\$ (2,622,027)	\$ (2,331,494)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,283,310	\$ 1,352,227	\$ 1,423,722	\$ 1,494,908	\$ 1,547,230	\$ 1,609,121	\$ 1,641,301	\$ 1,673,305	\$ 1,705,934	\$ 1,739,200
Taxes Levied for Debt Service	140,454	141,523	142,360	137,967	138,573	143,948	138,861	138,773	143,454	147,673
Unrestricted Grants & Contributions	798,181	904,541	948,897	822,528	851,842	797,260	904,968	1,025,587	972,029	1,432,990
Investment Earnings	11,798	18,028	13,342	4,060	6,020	2,928	806	690	455	572
Miscellaneous Income	1,083	4,327	1,875	7,652	5,084	1,626	201	7,631	199	2,796
Contribution-Parent Teacher Organization				17,603						
Operating Transfer	(13,103)	(10,400)	(13,500)	(8,655)			(13,065)	(9,373)	(5,531)	(8,819)
Total Governmental Activities	2,221,723	2,410,246	2,516,696	2,476,063	2,548,749	2,554,883	2,673,072	2,836,613	2,816,540	3,314,412

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings					\$ 14	\$ 35	\$ 10	\$ 6	\$ 4	\$ 4
Miscellaneous Income			\$ 466	\$ 25						
Transfers	\$ 13,103	\$ 10,400	13,500	8,655			8,065	9,373	5,531	8,819
Total Business-Type Activities	<u>13,103</u>	<u>10,400</u>	<u>13,966</u>	<u>8,680</u>	<u>14</u>	<u>35</u>	<u>8,075</u>	<u>9,379</u>	<u>5,535</u>	<u>8,823</u>
TOTAL DISTRICT-WIDE	<u>\$ 2,234,826</u>	<u>\$ 2,420,646</u>	<u>\$ 2,530,662</u>	<u>\$ 2,484,743</u>	<u>\$ 2,548,763</u>	<u>\$ 2,554,918</u>	<u>\$ 2,681,147</u>	<u>\$ 2,845,992</u>	<u>\$ 2,822,075</u>	<u>\$ 3,323,235</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ (186,672)	\$ 64,336	\$ 58,133	\$ (22,185)	\$ (8,689)	\$ 214,695	\$ 46,007	\$ 166,803	\$ 202,360	\$ 991,610
Business-Type Activities	4,200	749	7,622	1,888	(584)	3,496	(1,410)	3,172	(2,312)	131
TOTAL DISTRICT	<u>\$ (182,472)</u>	<u>\$ 65,085</u>	<u>\$ 65,755</u>	<u>\$ (20,297)</u>	<u>\$ (9,273)</u>	<u>\$ 218,191</u>	<u>\$ 44,597</u>	<u>\$ 169,975</u>	<u>\$ 200,048</u>	<u>\$ 991,741</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted	\$ 152,839	\$ 54,440							\$ 16,187	\$ 16,187
Committed	95,276	99,980	\$ 104,349	\$ 104,477	\$ 108,794	\$ 109,409	\$ 134,865	\$ 112,124	248,094	248,993
Assigned	40,635	12,049	87,662	41,587	93,266	127,959	113,718	218,474	105,017	113,597
Unassigned	70,212	165,579	186,183	150,634	85,391	149,735	171,066	209,551	179,004	178,786
Total General Fund	<u>\$ 358,962</u>	<u>\$ 332,048</u>	<u>\$ 378,194</u>	<u>\$ 296,698</u>	<u>\$ 287,451</u>	<u>\$ 387,103</u>	<u>\$ 419,649</u>	<u>\$ 540,149</u>	<u>\$ 548,302</u>	<u>\$ 557,563</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ (42,660)									\$ 742,218
Special Revenue Fund		\$ (112)	\$ (112)							
Assigned, Reported In:										
Capital Projects Fund	415									
Debt Service Fund	5,274	4,811	4,810	\$ 4,810	\$ 4,810	\$ 4,810	\$ 4,810	\$ 4,810	\$ 4,810	4,810
Total All Other Governmental Funds	<u>\$ (36,971)</u>	<u>\$ 4,699</u>	<u>\$ 4,698</u>	<u>\$ 4,810</u>	<u>\$ 747,028</u>					

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 1,423,764	\$ 1,493,750	\$ 1,566,082	\$ 1,632,875	\$ 1,685,803	\$ 1,753,069	\$ 1,780,162	\$ 1,812,078	\$ 1,849,388	\$ 1,886,873
Tuition Charges	54,519	60,660	67,305	83,683	75,211	52,706	24,139	18,000	72,072	58,018
Interest Earnings	11,798	18,028	13,342	4,060	6,020	2,928	806	690	455	572
Miscellaneous	37,671	70,870	71,795	161,954	135,880	52,409	26,850	7,631	199	5,106
State Sources	804,463	951,763	951,129	822,640	751,926	797,260	883,888	1,025,876	972,048	1,933,024
Federal Sources	44,920	89,435	67,746	61,977	188,248	101,891	123,304	73,234	99,393	87,234
Total Revenues	2,377,135	2,684,506	2,737,399	2,767,189	2,843,088	2,760,263	2,839,149	2,937,509	2,993,555	3,970,827
Expenditures:										
Instruction:										
Regular Instruction	881,395	906,450	918,099	968,116	983,222	889,341	838,704	872,421	905,825	918,534
Special Education Instruction	210,323	188,000	211,171	249,139	261,690	245,577	279,378	300,090	294,999	270,085
Other Special Instruction	34,516	17,689	29,225	38,748	32,429	31,485	8,149	11,728	17,099	
Other Instruction	24,204	27,568	23,887	21,761	16,912	23,789	26,849	22,577	33,743	31,529
Support Services:										
Tuition	19,430	8,306	36,790	23,416	24,855	1,125	27,014	7,347	1,822	34,919
Student & Instruction Related Services	268,218	278,617	256,159	336,285	337,419	274,110	302,166	282,944	265,226	298,965
General Administration	85,042	72,477	66,443	77,521	78,493	50,351	39,840	57,612	71,048	48,517
School Administration Services	63,892	55,446	59,387	65,348	57,652	91,681	81,968	52,987	59,422	78,590
Central Services/Business Services	51,575	56,951	59,812	62,564	48,559	40,196	50,180	48,320	76,185	68,257
Plant Operations & Maintenance	215,708	203,510	179,984	241,074	195,764	171,631	219,182	238,412	240,361	257,073
Pupil Transportation	30,250	19,596	34,354	53,407	36,891	37,928	53,260	39,429	37,753	76,106
Employee Benefits	278,609	297,199	275,837	265,098	326,563	344,099	370,003	360,833	382,369	413,411
On-Behalf TPAF Pension & Soc Sec Contributions	185,537	289,344	313,871	209,894	215,451	203,051	249,708	284,670	239,992	294,539
Capital Outlay				72,253	9,530	10,408		7,664	98,353	12,170
Capital Projects		1,509								159,782
Special Revenue Funds	51,202	95,165	70,374	61,977	88,332	101,891	102,224	73,523	99,412	87,571
Debt Service:										
Principal	85,000	90,000	95,000	95,000	100,000	110,000	110,000	115,000	125,000	135,000
Interest & Other Charges	55,454	51,523	47,361	42,967	38,573	33,948	34,913	32,079	31,262	25,481
Total Expenditures	2,540,355	2,659,350	2,677,754	2,884,568	2,852,335	2,660,611	2,793,538	2,807,636	2,979,871	3,210,529
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(163,220)	25,156	59,645	(117,379)	(9,247)	99,652	45,611	129,873	13,684	760,298
Other Financing Sources (Uses):										
Proceeds from Bond Issue										
Capital Leases (Non-Budgeted)				44,650						
Transfers Out	(13,103)	(10,400)	(13,500)	(8,655)			(13,065)	(9,373)	(5,531)	(8,819)
Total Other Financing Sources (Uses)	(13,103)	(10,400)	(13,500)	35,995	-	-	(13,065)	(9,373)	(5,531)	(8,819)
Net Change in Fund Balances	\$ (176,323)	\$ 14,756	\$ 46,145	\$ (81,384)	\$ (9,247)	\$ 99,652	\$ 32,546	\$ 120,500	\$ 8,153	\$ 751,479
Debt Service as a Percentage of Non-capital Expenditures	5.85%	5.62%	5.61%	5.16%	5.12%	5.74%	5.47%	5.54%	5.73%	5.58%

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay, capital projects and debt service.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income	\$ 11,384	\$ 17,936	\$ 13,342	\$ 4,060	\$ 6,020	\$ 2,928	\$ 806	\$ 690	\$ 455	\$ 572
Tuition	54,519	60,660	67,305	83,683	75,211	52,706	24,139	18,000	72,072	58,018
Other School Districts-Shared Services	34,588	64,948	69,524	136,699	130,796	50,783	26,649			
Prior Year Refunds		797		549	3,639	319		7,242		2,796
Summer Music Project		1,494								
Outstanding Checks Voided		1,486		14						
Miscellaneous Other	4		729	274	18			289	199	
Milford Algebra Fee	2,000									
Use of Facilities		50	1,044	1,065	1,187					
Contributions	600	500		211	89	1,307	201	100		
Transportation Reimbursement				896						
Joint Insurance Fund-Surplus Refund				4,643						
Contribution-Parent Teacher Organization				17,603						
School Bus Rental										2,310
Sale of Surplus Equipment & Materials	479		102		151					
Annual Totals	\$ 103,574	\$ 147,871	\$ 152,046	\$ 249,697	\$ 217,111	\$ 108,043	\$ 51,795	\$ 26,321	\$ 72,726	\$ 63,696

Source: District Records

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant Land	\$ 2,617,100	\$ 2,554,500	\$ 2,554,500	\$ 2,608,300	\$ 2,505,100	\$ 2,505,100	\$ 2,505,100	\$ 2,505,100	\$ 2,505,100	\$ 2,490,600
Residential	108,765,800	108,162,700	108,094,600	108,052,500	109,384,700	108,678,000	108,976,400	108,741,700	109,474,900	109,543,700
Farm Regular	898,600	898,600	898,600	898,600	898,600	898,600	898,600	898,600	898,600	898,600
Qualified Farm	76,805	52,749	52,749	14,200	14,700	14,700	14,700	14,700	14,700	14,700
Commercial	26,699,600	26,662,500	28,085,300	27,687,500	26,861,900	26,785,700	26,737,800	26,737,800	26,449,600	26,369,600
Industrial	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350
Apartment	6,834,300	6,119,880	6,119,880	6,446,500	6,045,500	6,045,500	6,045,500	6,045,500	5,682,600	5,682,600
Total Assessed Value	149,618,555	148,177,279	149,531,979	149,433,950	149,436,850	148,653,950	148,904,450	148,669,750	148,751,850	148,726,150
Public Utilities (a)	970,914	945,769	1,059,003	1,130,900	889,485	725,240	592,657	489,679	594,036	693,169
Net Valuation Taxable	\$ 150,589,469	\$ 149,123,048	\$ 150,590,982	\$ 150,564,850	\$ 150,326,335	\$ 149,379,190	\$ 149,497,107	\$ 149,159,429	\$ 149,345,886	\$ 149,419,319
Estimated Actual County Equalized Value	\$ 166,760,565	\$ 180,920,032	\$ 189,110,834	\$ 182,114,565	\$ 177,418,076	\$ 171,957,166	\$ 166,644,863	\$ 159,392,422	\$ 152,424,868	\$ 164,522,483
Percentage of Net Valuations to Estimated Actual County Equalized Value	90.30%	82.42%	79.63%	82.68%	84.73%	86.87%	89.71%	93.58%	97.98%	90.82%
Total Direct School Tax Rate (b)	\$ 0.991	\$ 1.051	\$ 1.084	\$ 1.120	\$ 1.170	\$ 1.190	\$ 1.213	\$ 1.240	\$ 1.263	\$ 1.303

Source: Municipal Tax Assessor

NOTE Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

* Revalued/Reassessed

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate				Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Regional School Tax Rate	Municipality	County	Fire District	
2006	\$ 0.898	\$ 0.094	\$ 0.992	\$ 0.531	\$ 0.496	\$ 0.396		\$ 2.42
2007	0.955	0.096	1.051	0.605	0.549	0.405		2.61
2008	0.992	0.092	1.084	0.502	0.542	0.422		2.55
2009	1.028	0.092	1.120	0.498	0.563	0.419		2.60
2010	1.071	0.095	1.166	0.473	0.601	0.407		2.65
2011	1.096	0.096	1.192	0.439	0.623	0.398		2.65
2012	1.121	0.092	1.213	0.477	0.655	0.398		2.74
2013	1.145	0.095	1.240	0.524	0.674	0.392		2.83
2014	1.164	0.099	1.263	0.572	0.705	0.383		2.92
2015	1.227	0.076	1.303	0.626	0.873	0.412		3.21

Sources: Municipal Tax Collector

NOTE: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

* Revalued/Reassessed

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Frenchtown Associates LLC	\$ 2,950,000	1	1.97%	\$ 2,950,000	1	1.96%
Frenchtown Properties LLC	2,145,200	2	1.44%	2,145,200	2	1.42%
Frenchtown Barn Center LLC	1,500,000	3	1.00%	1,113,600	4	0.74%
Davon LLC	977,200	4	0.65%	977,200	5	0.65%
Bridge Race Properties LLC	972,200	5	0.65%	972,200	6	0.65%
Individual Property Owner	830,800	6	0.56%	830,800	8	0.55%
Traub Holdings LLC	758,400	7	0.51%			0.00%
B & B Properties LLC	748,500	8	0.50%			
T2 Services Inc	724,700	9	0.49%			
Individual Property Owner	718,800	10	0.48%			
Individual Property Owner				1,586,300	3	1.05%
United Telephone Company of NJ				970,917	7	0.64%
Individual Property Owner				809,900	9	0.54%
RO-MAR Enterprises				758,400	10	0.50%
	<u>\$ 12,325,800</u>		<u>8.25%</u>	<u>\$ 13,114,517</u>		<u>8.71%</u>

Source: Municipal Tax Assessor

FRENCHTOWN BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2005	\$ 3,380,115	\$ 3,276,470	96.93%
2006	3,648,964	3,459,905	94.82%
2007	3,920,222	3,736,078	95.30%
2008	3,852,232	3,741,707	97.13%
2009	3,925,744	3,642,780	92.79%
2010	3,982,690	3,753,793	94.25%
2011	3,969,209	3,662,420	92.27%
2012	4,101,468	3,874,442	94.46%
2013	4,230,272	4,059,133	95.95%
2014	4,366,529	4,173,836	95.59%

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

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30.	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	\$ 1,114,000					\$ 1,114,000	1.24%	\$ 750
2007	1,024,000					1,024,000	1.07%	693
2008	929,000					929,000	0.92%	631
2009	834,000		\$ 34,600			868,600	0.86%	592
2010	734,000		26,451			760,451	0.79%	518
2011	624,000		17,977			641,977	0.71%	467
2012	514,000		9,165			523,165	0.53%	370
2013	399,000					399,000	0.39%	293
2014	274,000					274,000	0.26%	196
2015	139,000			800,000		939,000	N/A	674

NOTE Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

FRENCHTOWN BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 1,114,000		\$ 1,114,000	0.74%	\$ 754
2007	1,024,000		1,024,000	0.69%	695
2008	929,000		929,000	0.62%	633
2009	834,000		834,000	0.55%	569
2010	734,000		734,000	0.49%	534
2011	624,000		624,000	0.42%	442
2012	514,000		514,000	0.34%	377
2013	399,000		399,000	0.27%	285
2014	274,000		274,000	0.18%	197
2015	139,000		139,000	0.09%	100

NOTE Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit NJ J-6 for property tax data.

(b) Population data can be found in Exhibit NJ J-14.

* Revalued/Reassessed

FRENCHTOWN BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 2,128,426	100.00%	\$ 2,128,426
Regional High School	2,580,000	7.00%	174,027
County General Obligation Debt	70,347,424	0.76%	<u>531,766</u>
Subtotal, Overlapping Debt			2,834,219
School District Direct Debt			<u>2,529,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 5,363,219</u></u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages
 Provided by the County Board of Taxation. Debt Outstanding Data
 Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION,
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis

2014	\$ 163,787,547
2013	151,734,793
2012	159,119,951
	<u>\$ 474,642,291</u>

Average Equalized Valuation of Taxable Property \$ 158,214,097

Debt Limit (3.0% of Average Equalization Value) \$ 4,746,423 (a)
 Total Net Debt Applicable to Limit 2,394,000

Legal Debt Margin \$ 2,352,423

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 4,202,670	\$ 4,759,376	\$ 5,213,702	\$ 5,534,083	\$ 5,531,279	\$ 5,362,191	\$ 5,140,934	\$ 4,968,485	\$ 4,765,597	\$ 4,746,423
Total Net Debt Applicable	<u>1,158,169</u>	<u>1,024,000</u>	<u>929,000</u>	<u>834,000</u>	<u>734,000</u>	<u>624,000</u>	<u>514,000</u>	<u>399,000</u>	<u>274,000</u>	<u>2,394,000</u>
Legal Debt Margin	<u>\$ 3,044,501</u>	<u>\$ 3,735,376</u>	<u>\$ 4,284,702</u>	<u>\$ 4,700,083</u>	<u>\$ 4,797,279</u>	<u>\$ 4,738,191</u>	<u>\$ 4,626,934</u>	<u>\$ 4,569,485</u>	<u>\$ 4,491,597</u>	<u>\$ 2,352,423</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	27.56%	21.52%	17.82%	15.07%	13.27%	11.64%	10.00%	8.03%	5.75%	50.44%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2006	1,477	\$ 96,007,954	\$ 65,002	3.1%
2007	1,473	100,592,643	68,291	2.7%
2008	1,467	100,851,849	68,747	3.6%
2009	1,467	96,380,433	65,699	6.3%
2010	1,375	90,325,125	65,691	6.6%
2011	1,413	98,510,121	69,717	6.5%
2012	1,364	101,664,376	74,534	6.7%
2013	1,398	105,581,154	75,523	6.7%
2014	1,394	N/A	N/A	5.2%
2015	N/A	N/A	N/A	N/A

Sources:

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- (c) Per Capita Personal Income by County Estimated Based Upon the 2010 Census Published by the US Bureau of Economic Analysis.
- (d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

FUNCTION / PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction	15.4	15.6	16.2	16.4	17.7	18.7	18.7	18.7	19.1	19.6
Health Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Related Services	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Guidance	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Child Study Team	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Media Center	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
General Administration	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
School Administration	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Business Office	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Building Maintenance	2.0	2.0	2.0	2.0	1.4	1.4	1.4	1.4	1.4	2.0
Transportation	0.1	0.1	0.1	0.1	0.7	0.7	0.7	0.7	0.8	
Cafeteria	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Total	23.7	23.9	24.0	24.2	25.5	26.5	26.5	26.5	27.1	27.3

Sources: District Personnel Records

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	138	\$ 2,399,901	\$ 17,391	0.36%	25.0	1 to 5.52	131.6	126.4	1.78%	96.05%
2007	141	2,516,318	17,846	2.62%	24.0	1 to 5.88	142.6	136.0	8.36%	95.37%
2008	143	2,535,393	17,730	-0.65%	24.0	1 to 5.96	146.3	139.0	2.59%	95.01%
2009	158	2,674,348	16,926	-4.53%	24.0	1 to 6.59	158.9	150.6	8.61%	94.78%
2010	158	2,704,232	17,115	1.12%	24.0	1 to 6.59	157.5	148.6	-0.88%	94.35%
2011	171	2,506,255	14,656	-14.37%	24.0	1 to 6.50	168.4	158.9	6.92%	94.36%
2012	157	2,648,625	16,870	15.10%	24.0	1 to 6.55	159.6	151.1	-5.23%	94.67%
2013	148	2,652,893	17,925	6.25%	24.0	1 to 6.16	147.8	140.5	-7.39%	95.06%
2014	138	2,725,256	19,748	10.17%	18.5	1 to 7.45	137.7	131.0	-6.83%	95.12%
2015	142	2,878,096	20,268	2.63%	19.6	1 to 7.24	142.8	136.3	3.71%	95.46%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary (1925)										
Square Feet	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992
Capacity (Students)	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1
Enrollment	138.0	141.0	148.0	158.0	158.0	171.0	157.0	148.0	138.0	142.0
Number of Schools at June 30, 2015:										
Elementary	1									
Middle School	0									
High School	0									
Other	0									

Source: District Facilities Office

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

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Amount</u>	<u>Total</u>
2006	\$ 14,339	\$ 14,339
2007	18,971	18,971
2008	21,309	21,309
2009	19,519	19,519
2010	15,265	15,265
2011	14,757	14,757
2012	26,903	26,903
2013	65,117	65,117
2014	20,846	20,846
2015	<u>33,947</u>	<u>33,947</u>
Total School Facilities	<u>\$ 250,973</u>	<u>\$ 250,973</u>

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

FRENCHTOWN BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-NJ Schools Insurance Group (NJSIG):		
Property-Blanket Building & Contents (Fund Limit)	\$ 350,000,000	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	
School Board Legal Liability	16,000,000	5,000
Excess Liability-NJ Schools Insurance Group (NJSIG):		
Umbrella Policy	10,000,000	
Workers Compensation-NJ Schools Insurance Group (NJSIG):		
Per Accident Per Employee	5,000,000	
Per Disease Per Employee	5,000,000	
Per Disease Policy Limit	5,000,000	
Public Employees' Faithful Performance-Selective Insurance:		
Treasurer of School Monies Bond	150,000	
School Board Secretary Bond	150,000	
School Alliance Insurance Fund:		
Employee's Blanket Bond	500,000	1,000

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

November 13, 2015

Honorable President and
Members of the Board of Education
Frenchtown Borough School District
County of Hunterdon, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Frenchtown Borough School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated November 13, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education's 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 Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

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INDEPENDENT AUDITOR'S REPORT

November 13, 2015

Honorable President and
Members of the Board of Education
Frenchtown Borough School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Frenchtown Borough School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2015. The Board of Education's major federal and 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 federal and state programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 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 Board of Education's internal control over compliance.

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

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

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. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 15-08**

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 13, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2014 (Acct Rec) Unearned Rev	Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2015			
									Accounts Receivable	Unearned Revenue	Due to Grantor	
US Department of Education Passed Through State Department of Education: Special Revenue Fund:												
NCLB Title IA												
	84.010A	NCLB 168014	\$ 18,789	07/01/2013- 6/30/2014	\$ (18,789)	\$ 18,789						
NCLB Title IA	84.010A	NCLB 168013	20,669	09/01/2012- 8/31/2013	(173)	173						
NCLB Title IA	84.010A	NCLB 168015	18,556	07/01/2014- 6/30/2015		10,615	\$ 18,556		\$ (7,941)			
NCLB Title IIA	84.367A	NCLB 168015	4,562	07/01/2014- 6/30/2015		2,722	4,562		(1,840)			
Race to the Top (RTT3)	84.413A	N/A	1,703	09/01/2011- 11/30/2015		1,703	1,703					
Small, Rural School Achievement Program	84.358A	S358A 143750	17,819	07/01/2014- 9/30/2015		17,819	17,819					
Small, Rural School Achievement Program	84.358A	S358A 123750	21,020	07/01/2012- 9/30/2013	(9,884)	9,884						
Small, Rural School Achievement Program	84.358A	S358A 133750	18,942	07/01/2013- 9/30/2014	(7,359)	17,889	11,583		(1,053)			
IDEA Basic	84.027	IDEA- 168014	36,776	07/01/2013- 6/30/2014	(15,007)	15,007						
IDEA Basic	84.027	IDEA- 168015	37,711	07/01/2014- 6/30/2015		22,998	37,711		(14,713)			
IDEA Preschool	84.173	IDEA- 168014	1,062	07/01/2013- 6/30/2014	(385)	385						
IDEA Preschool	84.173	IDEA- 168015	1,056	07/01/2014- 6/30/2015		1,056	1,056					
Total Special Revenue Fund					(51,597)	119,040	92,990	\$ -	(25,547)	\$ -	\$ -	
US Department of Agriculture Passed Through State Department of Agriculture: Enterprise Fund:												
National School Lunch Program-Commodities												
	10.555	N/A	8,358	07/01/2013- 6/30/2014	1,371		1,371					
National School Lunch Program-Commodities	10.555	N/A	8,098	07/01/2014- 6/30/2015		8,098	6,811			1,287		
School Breakfast Program	10.553	N/A	560	07/01/2013- 6/30/2014	(38)	38						
School Breakfast Program	10.553	N/A	721	07/01/2014- 6/30/2015		669	721		(52)			
National School Lunch Program-Cash Assistance	10.555	N/A	11,442	07/01/2013- 6/30/2014	(785)	785						
National School Lunch Program-Cash Assistance	10.555	N/A	11,546	07/01/2014- 6/30/2015		10,811	11,546		(735)			
Total Enterprise Fund					548	20,401	20,449	-	(787)	1,287	-	
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (51,049)	\$ 139,441	\$ 113,439	\$ -	\$ (26,334)	\$ 1,287	\$ -	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2014 (Acct Rec)		Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2015			Memo		
				Unearned Rev					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
State Department of Education														
General Fund:														
Equalization Aid	15-495-034	\$ 508,039	07/01/2014-											
	-5120-078		6/30/2015			\$ 458,118	\$ 508,039		\$ (49,921)			\$ (49,921)	\$ 508,039	
Equalization Aid	14-495-034	508,039	07/01/2013-											
	-5120-078		6/30/2014	\$ (49,919)		49,919								
School Choice Aid	15-495-034	135,422	07/01/2014-											
	-5120-068		6/30/2015			122,115	135,422		(13,307)			(13,307)	135,422	
School Choice Aid	14-495-034	135,422	07/01/2013-											
	-5120-068		6/30/2014	(13,306)		13,306								
Special Education Aid	15-495-034	85,703	07/01/2014-											
	-5120-089		6/30/2015			77,281	85,703		(8,422)			(8,422)	85,703	
Special Education Aid	14-495-034	85,703	07/01/2013-											
	-5120-089		6/30/2014	(8,421)		8,421								
Security Aid	15-495-034	3,251	07/01/2014-											
	-5120-084		6/30/2015			2,932	3,251		(319)			(319)	3,251	
Security Aid	14-495-034	3,251	07/01/2013-											
	-5120-084		6/30/2014	(319)		319								
Transportation Aid	15-495-034	457	07/01/2014-											
	-5120-014		6/30/2015			412	457		(45)			(45)	457	
Transportation Aid	14-495-034	457	07/01/2013-											
	-5120-014		6/30/2014	(45)		45								
Nonpublic Remote Transportation Aid	14-495-034	1,014	07/01/2013-											
	-5120-014		6/30/2014	(1,014)		1,014								
Nonpublic Remote Transportation Aid	15-495-034	1,044	07/01/2014-											
	-5120-014		6/30/2015				1,044		(1,044)			(1,044)	1,044	
Per Pupil Growth Aid	15-495-034	1,240	07/01/2014-											
	-5120-097		6/30/2015			1,118	1,240		(122)			(122)	1,240	
PARCC Readiness Aid	15-495-034	1,240	07/01/2014-											
	-5120-098		6/30/2015			1,118	1,240		(122)			(122)	1,240	
Reimbursement TPAF Social Security Contribution	14-495-034	83,784	07/01/2013-											
	-5095-002		6/30/2014	(5,996)		5,996								
Reimbursement TPAF Social Security Contribution	15-495-034	99,655	07/01/2014-											
	-5094-003		6/30/2015			94,894	99,655		(4,761)			(4,761)	99,655	
On-Behalf TPAF Pension Contribution-Normal Cost and Accrued Liability	15-495-034	70,262	07/01/2014-											
	-5094-006		6/30/2015			70,262	70,262						70,262	
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	15-495-034	5,055	07/01/2014-											
	-5094-007		6/30/2015			5,055	5,055						5,055	
On-Behalf TPAF Pension Contribution-Post Retirement Medical	15-495-034	119,567	07/01/2014-											
	-5094-001		6/30/2015			119,567	119,567						119,567	
Total General Fund				(79,020)		1,031,892	1,030,935	\$ -	(78,063)	\$ -	\$ -	(78,063)	1,030,935	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2014 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2015			Memo	
								Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
Special Revenue Fund:												
Nonpublic Textbook Aid	14-100-034	\$ 329.00	07/01/2013-									
	-5120-064		6/30/2014	\$ 329			\$ (329)					
Nonpublic Textbook Aid	15-100-034	119	07/01/2014-									
	-5120-064		6/30/2015		\$ 119	\$ 119					\$ 119	
Examination & Classification	14-100-034	180,465	7/01/2013-									
	-5120-066		6/30/2014	180,465			(180,465)					
Examination & Classification	14-100-034	8,819	07/01/2014-									
	-5120-066		6/30/2015		8,819				\$ 8,819			
Nonpublic Nursing Aid	14-100-034	540	07/01/2013-									
	-5120-070		6/30/2014	521			(521)					
Nonpublic Nursing Aid	15-100-034	285	07/01/2014-									
	-5120-070		6/30/2015		285	273				12		273
Nonpublic Technology Initiative Aid	15-100-034	64	07/01/2014-									
	-5120-373		6/30/2015		64	64						64
Nonpublic Technology Initiative Aid	14-100-034	120	07/01/2013-									
	-5120-373		6/30/2014	120			(120)			-		
Total Special Revenue Fund:				<u>181,435</u>	<u>9,287</u>	<u>456</u>	<u>(181,435)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,831</u>	<u>\$ -</u>	<u>456</u>
Capital Project Fund:												
NJ School Development Authority:												
Roof Replacement	14-2003-G04	252,000	1/6/2014					(252,000)	252,000			
Toilet Renovations	14-2005-G04	162,000	1/6/2014					(162,000)	162,000			
Window Replacement	14-2004-G04	308,000	1/6/2014					(308,000)	308,000			
Boiler Conversion	14-2002-G04	180,000	1/6/2014					(180,000)	180,000			
				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(902,000)</u>	<u>902,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	15-100-010	422	07/01/2014-									
	-3350-023		6/30/2015		383	422		(39)				422
National School Lunch Program (State Share)	14-100-010	473	07/01/2013-									
	-3350-023		6/30/2014	(54)	54							
Total Enterprise Fund				<u>(54)</u>	<u>437</u>	<u>422</u>	<u>-</u>	<u>(39)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ 102,361</u>	<u>\$ 1,041,616</u>	<u>\$ 1,031,813</u>	<u>\$ (181,435)</u>	<u>\$ (980,102)</u>	<u>\$ 902,000</u>	<u>\$ 8,831</u>	<u>\$ (78,063)</u>	<u>\$ 1,031,813</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Frenchtown Borough School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of 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 Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF GENERAL-PURPOSE FINANCIAL STATEMENTS

The 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 the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$248) for the general fund and (\$5,875) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,030,687	\$ 1,030,687
Special Revenue Fund	\$ 87,234	337	87,571
Food Service Fund	20,449	422	20,871
	<u>\$ 107,683</u>	<u>\$ 1,031,446</u>	<u>\$ 1,139,129</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2015
(Continued)

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 USDA Commodities Program represent 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 Contribution 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.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____

Auditee qualified as a low-risk auditee Yes No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee X Yes No

Type of Auditor's Report Issued on Compliance
for Major Programs: Unmodified

Internal Control Over Major Programs:
1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes X No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
15-495-034-5120-078	\$ 508,039	Equalization Aid

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2015.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2015.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.