

Board of Education  
of the

# Folsom School District

*PROUD TO BE A CHOICE SCHOOL*

County of Atlantic  
Folsom, New Jersey

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For The Fiscal Year Ended June 30, 2017**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended June 30, 2017**

**BOROUGH OF FOLSOM BOARD OF EDUCATION**

**County of Atlantic  
Folsom, New Jersey**

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

# BOROUGH OF FOLSOM SCHOOL DISTRICT

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## INTRODUCTORY SECTION

# FOLSOM BOARD OF EDUCATION

1357 Mays Landing Road  
Folsom, New Jersey 08037

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

The comprehensive annual financial report of the Borough of Folsom School District (District) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections:

- The Introductory Section includes this transmittal letter, the District's organizational chart and a roster of officials.
- The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section in which the District is required to undergo an annual single audit in conformity with provisions of the U.S. Office of Management and Budget Circular Title 2 U.S. Code of Federal Regulation part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and State of New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



## **1) REPORTING ENTITY AND ITS SERVICES**

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

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Increase/(Decrease)</u>
2016-2017	403	0.75%
2015-2016	400	(4.8%)
2014-2015	419	(3.6%)
2013-2014	434	3.5%
2012-2013	419	(1.2%)
2011-2012	424	1.4%
2010-2011	418	3.7%
2009-2010	403	1.0%
2008-2009	399	(1.9%)
2007-2008	407	(2.4%)

## **2) ECONOMIC CONDITION AND OUTLOOK**

The current economic condition of the District is stable due to the state aid revenue generated by the Interdistrict Public School Choice program. For the 2016-2017 school year, the District had a total of 208 students enrolled in the Choice Program.

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

## **3) MAJOR INITIATIVES**

The District has continued to purchase and install upgraded hardware and software, in accordance with the adopted Technology Plan. The district continues to move toward more digital content for core instruction and to support specific student learning needs, such as Accelerated Reader, Learning Ally, Reading A-Z, and Discovery Education. Smart Projectors/Boards, document cameras, and student computers with Wi-Fi internet access, provide access to online Math, Science, and Social Studies resources. Study Island, Reading Eggs, Reflex Math, Max Scholar, Acellus Learning System, Raz Kids and ST Math are web-based resources that support the instructional program and provide opportunities to differentiate learning for diverse student learners. Digital techbooks for Middle School Math and Social Studies have been adopted for the 2017-2018 school year. With the expansion of the implementation of Google Classroom, the district will assign individual Chromebooks to each 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> grade student beginning in 2017-2018 school year.

Adequate Internet broadband access supports the use of computer-based programs for assessments, such as MAP and PARCC, for performance benchmarking, as well as ongoing assessments through platforms such as Google Classroom.

The district uses Realtime for Student Information System, Teacher Evaluation, Student Support management (IEP, I&RS, 504), and Notification systems. Teachers will use Realtime for digital submission of Lesson Plans beginning 2017-2018. Teachers maintain individual web-pages in Google Classroom, class Dojo, or other platforms to maintain consistent communication between school and home.

Curriculum – teachers revise all content areas of the curriculum, which were adopted across grades Pk through 8 in the Curriculum Portal with the guidance of the Director of Curriculum & Instruction. Both ELA and Math curricula are completely aligned to the Common Core Standards (2010). Science in Grades 5-8 have been aligned to the Next Generation Science Standards (2014). Additions to the Visual & Performing Arts (2014) and 21<sup>st</sup> Century Career Standards in grades 6-8 have also been completed. Revisions to Career and Technical Education for the 2017-2018 school year include addition of Audio Visual Production, Computer Applications, and Computer Technology. A Drama course has been added to the Performing Arts curriculum for grades 6 through 8.

College and Career ready standards are integrated throughout grades PK-5 instruction, with additional programs such as Junior Achievement and the TAG Enrichment program. In grades 6 through 8, 21<sup>st</sup> century skills and college and career readiness are supported through the following programs: Technology, Engineering, and Design; Digital Photography; Audio Visual Production; Minecraft; Graphic Design; Computer Applications; Let Me Learn, and the student run Falcon Television Network.

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

#### **4) INTERNAL ACCOUNTING CONTROLS**

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

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

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

#### **5) BUDGETARY CONTROLS**

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

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

#### **6) ACCOUNTING SYSTEM AND REPORTS**

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

#### **7) DEBT ADMINISTRATION**

At June 30, 2017 the District's outstanding debt included \$1,325,000 of general obligation bonds.

#### **8) CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

#### **9) 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.

## 10) OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Preziosi Nicholson & Associates, PA was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of U.S. Office of Management and Budget Circular Title 2 U.S. Code of Federal Regulation part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## 11) ACKNOWLEDGMENTS

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

Respectfully submitted,

*Evelyn G. Browne*

Evelyn G. Browne  
Superintendent

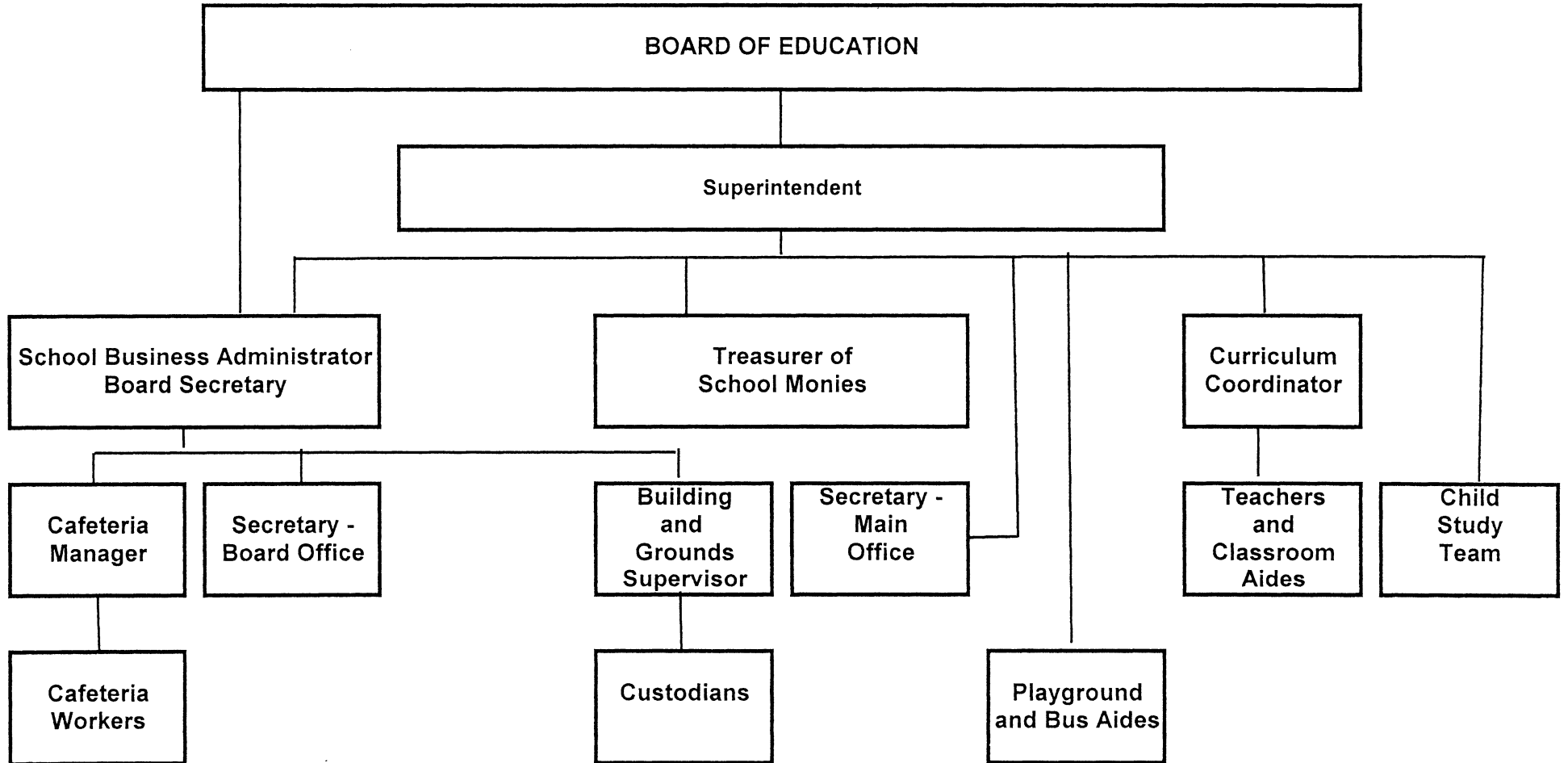
**Christopher R. Veneziani**

Christopher R. Veneziani  
Business Administrator/Board Secretary

BOROUGH OF FOLSOM SCHOOL DISTRICT

County of Atlantic  
Folsom, New Jersey

ORGANIZATIONAL CHART



**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**County of Atlantic  
Folsom, New Jersey**

**ROSTER OF OFFICIALS**

**June 30, 2017**

<b>Members of the Board of Education</b>		<b>Term Expires</b>
Glenn A. Smith	President	2017
Debra Levey	Vice-President	2017
Daria DeStefano	Board Member	2018
Lisa O'Toolé	Board Member	2017
Marisa Scibilia	Board Member	2019
John Thomas	Board Member	2018
Andrea Way	Board Member	2019

**Other Officials**

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Consultants and Advisors**

**Attorney**

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

**Audit Firm**

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

**Official Depository**

Capital Bank of New Jersey  
245 Bellevue Avenue  
Hammonton, New Jersey 08037

**Risk Management Consultant**

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

**FINANCIAL SECTION**



# PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Borough of Folsom School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Folsom School District in the County of Atlantic, State of New Jersey as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Folsom School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulation Part 200, uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 accompanying combining statements and related major fund supporting statements and schedules and Schedules of Federal Awards, as required by the Uniform Guidance and the Schedule of State Financial Assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

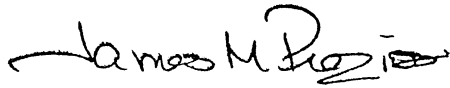
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 2017 on our consideration of the Borough of Folsom School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Folsom School District's internal control over financial reporting and compliance.

### PREZIOSI • NICHOLSON & ASSOCIATES

Certified Public Accountants



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

August 17, 2017  
Millville, NJ

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

# BOROUGH OF FOLSOM SCHOOL DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

This section of the Borough of Folsom School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments. Certain comparative information is required to be presented.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2017 year include the following:

- Net Position for Governmental and Business-Type activities was \$7,939,318 and \$162,093 totaling \$8,101,411.
- Net Position for both activities increased by \$145,664.
- The fund balance of the General Funds as of June 30, 2017 was \$2,953,374, an increase of \$88,256 when compared with the beginning balance of \$2,865,117.
- The District's outstanding bonded debt at June 30, 2017 is \$1,325,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplemental information, an optional section that presents combining statements for special revenue, capital projects, and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.
  - a. The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
  - b. Proprietary funds statements offer short-term and long-term financial information about the activities that the District operates like businesses.
  - c. Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Folsom, New Jersey**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2017**

Table A-1 MAJOR FEATURES OF THE GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	<b>Government-Wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire District (except Fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as regular and special education, building maintenance and transportation	Activities the District operates similar to private businesses: Food Service Fund, School Age Child Care	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
<b>Required Financial Statements</b>	Statements of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position  Statement of Revenues, Expenses, and Changes in Net Position  Statement of Cash Flows	Statement of Net Position  Statement of Changes in Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Liability</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Folsom, New Jersey**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2017**

**Government-wide Statements**

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

The two government-wide statements report the District's net position and how they have changed. Net position – the District's assets and deferred outflows of resources, less deferred inflows of resources and liabilities – is a measure of the District's financial health or position.

- Over a period of time, increases or decreases in the District's net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the government-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances most of these activities.
- *Business-type activities* – The district charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund and Community Program Fund are included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds – focusing on the most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has three kinds of funds:

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Folsom, New Jersey**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2017**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The Statement of Net Position reports all financial and capital resources. The difference between the District's assets and liabilities is its net position.

**Summary of Net Position**

	<b>Governmental Activities</b>		<b>Business Activities</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Current and Other Assets	\$ 3,069,897	\$ 3,148,729	\$ 85,099	\$ 66,880
Capital Assets	7,786,017	7,802,354	96,346	99,456
Deferred Outflows	542,105	195,998		
Total Assets	<u>11,398,020</u>	<u>11,147,081</u>	<u>181,445</u>	<u>166,336</u>
Long-Term Liabilities	3,245,234	2,916,095		
Other Liabilities	116,508	285,014	19,352	12,546
Deferred Inflows	96,959	144,016		
Total Liabilities	<u>3,458,701</u>	<u>3,345,125</u>	<u>19,352</u>	<u>12,546</u>
Net Position				
Invested in Capital Assets	6,461,017	6,307,354	96,346	99,456
Restricted	3,275,037	3,151,650		
Unrestricted	<u>(1,796,734)</u>	<u>(1,657,047)</u>	<u>65,747</u>	<u>54,335</u>
Total Net Position	<u>\$ 7,939,320</u>	<u>\$ 7,801,957</u>	<u>\$ 162,093</u>	<u>\$ 153,791</u>

**Summary of Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business Activities</b>		<b>Total</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Revenues						
Program Revenue						
Charges for Services	\$ -	\$ -	\$ 167,301	\$ 115,185	\$ 167,301	\$ 115,185
Grants and Entitlements	2,682,627	2,126,169	82,335	89,009	2,764,962	2,215,178
General Revenues						
Property Taxes	1,842,888	1,816,288			1,842,888	1,816,288
Grants and Entitlements	5,478,052	5,267,098			5,478,052	5,267,098
Other	383,650	19,180	155	208	383,805	19,388
Total Revenues	<u>10,387,217</u>	<u>9,228,735</u>	<u>249,791</u>	<u>204,402</u>	<u>10,637,008</u>	<u>9,433,137</u>
Expenses						
Instruction	5,297,820	4,426,808			5,297,820	4,426,808
Support Services	4,600,815	4,457,672			4,600,815	4,457,672
Capital Outlay	47,841	44,325			47,841	44,325
Interest on Debt	47,618	53,072			47,618	53,072
Unallocated Depreciation	255,762	274,209			255,762	274,209
Charter School					-	-
Business-Type Activities			241,489	207,505	241,489	207,505
Total Expenses	<u>10,249,856</u>	<u>9,256,086</u>	<u>241,489</u>	<u>207,505</u>	<u>10,491,345</u>	<u>9,463,591</u>
Change in Net Position	<u>\$ 137,361</u>	<u>\$ (27,351)</u>	<u>\$ 8,302</u>	<u>\$ (3,103)</u>	<u>\$ 145,663</u>	<u>\$ (30,454)</u>



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Folsom, New Jersey**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2017**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Fund Balances**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>
Restricted			
Capital Reserve	\$ 571,976	\$ 816,049	\$ (244,073)
Maintenance Reserve	328,940	328,940	-
Emergency Reserve	250,000	250,000	-
Debt Service	10,296	10,295	1
Excess Surplus	1,909,010	1,589,518	319,492
Assigned			-
Encumbrances	181,431	157,394	24,037
Designated for Budget	23,383		23,383
Unassigned			-
General	(311,366)	(278,783)	(32,583)
<b>Total</b>	<b><u>\$ 2,963,670</u></b>	<b><u>\$ 2,873,413</u></b>	<b><u>\$ 90,257</u></b>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

**Revenues**

The General Fund proposed budget, estimated revenues at \$7,262,149. Actual revenues, not including on-behalf contributions for Pension and Social Security (which are not budgeted), were \$7,639,002.

**Expenditures**

The General Fund adopted expenditures were budgeted at \$8,206,888. Actual expenditures, not including on-behalf contributions for Pension and Social Security (which are not budgeted), were \$7,518,997.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2017 the District had \$12,559,000 invested in land, building, and equipment. For more detailed information, please refer to the Notes to the Financial Statements.

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Facilities and Improvements	\$ 11,672,992	\$ 11,527,279	\$ -	\$ -	\$ 11,672,992	\$ 11,527,279
Equipment	757,708	663,996	128,300	128,300	886,008	792,296
<b>Total</b>	<b><u>\$ 12,430,700</u></b>	<b><u>\$ 12,191,275</u></b>	<b><u>\$ 128,300</u></b>	<b><u>\$ 128,300</u></b>	<b><u>\$ 12,559,000</u></b>	<b><u>\$ 12,319,575</u></b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Folsom, New Jersey**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2017**

**Debt Administration**

At the end of fiscal year 2017, the School District had \$1,390,182 of outstanding debt. Of this amount, \$65,182 is for compensated absences and \$1,325,000 is for general obligation bonds. Additional information on the District's long-term obligations can be found in the notes the basic financial statements of this report.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

## BOROUGH OF FOLSOM SCHOOL DISTRICT

Statement of Net Position  
June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,837,075.51	\$ 78,172.47	\$ 1,915,247.98
Accounts Receivable			
Interfunds Receivable	18,159.06		18,159.06
State of New Jersey	10,008.82	97.15	10,105.97
Federal Government	53,738.00	4,554.95	58,292.95
Inventory		2,274.40	2,274.40
Restricted Assets			
Cash Reserve Accounts	1,150,915.85		1,150,915.85
Capital Assets, Net	7,786,017.44	96,346.24	7,882,363.68
<b>Total Assets</b>	<b>10,855,914.68</b>	<b>181,445.21</b>	<b>11,037,359.89</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	542,105.00		542,105.00
<b>LIABILITIES</b>			
Liabilities			
Accounts Payable	106,227.20	1,193.00	107,420.20
Accrued Interest Payable	10,281.25		10,281.25
Interfunds Payable		18,159.06	18,159.06
Grantor Advances			-
Net Pension Liability	1,806,727.00		1,806,727.00
Noncurrent Liabilities			
Due Within One Year	180,000.00		180,000.00
Due Beyond One Year	1,258,506.63		1,258,506.63
<b>Total Liabilities</b>	<b>3,361,742.08</b>	<b>19,352.06</b>	<b>3,381,094.14</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	96,959.00		96,959.00
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	6,461,017.44	96,346.24	6,557,363.68
Restricted For			
Debt Service	10,295.54		10,295.54
Other Purposes	3,264,740.50		3,264,740.50
Unrestricted	(1,796,734.88)	65,746.91	(1,730,987.97)
<b>Total Net Position</b>	<b>\$ 7,939,318.60</b>	<b>\$ 162,093.15</b>	<b>\$ 8,101,411.75</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Statement of Activities**  
**For The Fiscal Year Ended June 30, 2017**

See Accompanying Notes to the Basic Financial Statements

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 3,977,264.98	\$ -	\$ 1,536,717.02	\$ -	\$ (2,440,547.97)	\$ -	\$ (2,440,547.97)
Special Education	1,046,805.84		330,892.23		(715,913.61)		(715,913.61)
School Sponsored Activities	38,324.46		-		(38,324.46)		(38,324.46)
Other Special	235,425.00		-		(235,425.00)		(235,425.00)
Support Services							
Tuition	1,460,487.93		-		(1,460,487.93)		(1,460,487.93)
Student and Instruction	1,431,747.99		483,094.30		(948,653.69)		(948,653.69)
General Administration	266,115.38		84,118.28		(181,997.09)		(181,997.09)
School Administrative	313,169.04		98,991.81		(214,177.23)		(214,177.23)
Central Services	160,400.09		-		(160,400.09)		(160,400.09)
Administrative Information Technology	-		-				
Plant Operations and Maintenance	448,797.85		-		(448,797.85)		(448,797.85)
Pupil Transportation	520,096.89		148,814.24		(371,282.65)		(371,282.65)
Other Support Services			-				
Capital Outlay	47,840.79		-		(47,840.79)		(47,840.79)
Interest on Long-Term Debt	47,617.63		-		(47,617.63)		(47,617.63)
Unallocated Depreciation	255,761.52		-		(255,761.52)		(255,761.52)
<b>Total Governmental Activities</b>	<b>10,249,855.39</b>	<b>-</b>	<b>2,682,627.88</b>	<b>-</b>	<b>(7,567,227.51)</b>	<b>-</b>	<b>(7,567,227.51)</b>
<b>Business-Type Activities</b>							
Food Service	183,797.18	86,819.14	82,335.26	-		(14,642.78)	(14,642.78)
Community Programs	57,692.28	80,482.29				22,790.01	22,790.01
<b>Total Business-Type Activities</b>	<b>241,489.46</b>	<b>167,301.43</b>	<b>82,335.26</b>	<b>-</b>	<b>-</b>	<b>8,147.23</b>	<b>8,147.23</b>
<b>Total Primary Government</b>	<b>\$ 10,491,344.85</b>	<b>\$ 167,301.43</b>	<b>\$ 2,764,963.14</b>	<b>\$ -</b>	<b>(7,567,227.51)</b>	<b>8,147.23</b>	<b>(7,559,080.28)</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes, Levied for General Purposes					1,616,738.00		1,616,738.00
Taxes Levied for Debt Service					226,150.00		226,150.00
Unrestricted Federal and State Aid					5,478,051.76		5,478,051.76
Investment Earnings					10,576.58	155.22	10,731.80
Other Income					373,073.41		373,073.41
<b>Total General Revenues And Transfers</b>					<b>7,704,589.75</b>	<b>155.22</b>	<b>7,704,744.97</b>
<b>Change in Net Position</b>					<b>137,362.24</b>	<b>8,302.45</b>	<b>145,664.69</b>
<b>Net Position, July 1</b>					<b>7,801,956.36</b>	<b>153,790.70</b>	<b>7,955,747.06</b>
<b>Net Position, June 30</b>					<b>\$ 7,939,318.60</b>	<b>\$ 162,093.15</b>	<b>\$ 8,101,411.75</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Statement of Activities**  
**For The Fiscal Year Ended June 30, 2017**

See Accompanying Notes to the Basic Financial Statements

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 3,144,238.56	\$ -	\$ 703,690.59	\$ -	\$ (2,440,547.97)	\$ -	\$ (2,440,547.97)
Special Education	827,269.47		111,355.86		(715,913.61)		(715,913.61)
School Sponsored Activities	38,324.46		-		(38,324.46)		(38,324.46)
Other Special	235,425.00		-		(235,425.00)		(235,425.00)
Support Services							
Tuition	1,460,487.93		-		(1,460,487.93)		(1,460,487.93)
Student and Instruction	1,131,481.46		182,827.77		(948,653.69)		(948,653.69)
General Administration	210,305.60		28,308.50		(181,997.09)		(181,997.09)
School Administrative	247,491.15		33,313.92		(214,177.23)		(214,177.23)
Central Services	160,400.09		-		(160,400.09)		(160,400.09)
Administrative Information Technology	-		-				
Plant Operations and Maintenance	448,797.85		-		(448,797.85)		(448,797.85)
Pupil Transportation	520,096.89		148,814.24		(371,282.65)		(371,282.65)
Other Support Services			-				
Capital Outlay	47,840.79		-		(47,840.79)		(47,840.79)
Interest on Long-Term Debt	47,617.63		-		(47,617.63)		(47,617.63)
Unallocated Depreciation	255,761.52		-		(255,761.52)		(255,761.52)
<b>Total Governmental Activities</b>	<b>8,775,538.39</b>	<b>-</b>	<b>1,208,310.88</b>	<b>-</b>	<b>(7,567,227.51)</b>	<b>-</b>	<b>(7,567,227.51)</b>
Business-Type Activities							
Food Service	183,797.18	86,819.14	82,335.26	-		(14,642.78)	(14,642.78)
Community Programs	57,692.28	80,482.29				22,790.01	22,790.01
<b>Total Business-Type Activities</b>	<b>241,489.46</b>	<b>167,301.43</b>	<b>82,335.26</b>	<b>-</b>	<b>-</b>	<b>8,147.23</b>	<b>8,147.23</b>
<b>Total Primary Government</b>	<b>\$ 9,017,027.85</b>	<b>\$ 167,301.43</b>	<b>\$ 1,290,646.14</b>	<b>\$ -</b>	<b>(7,567,227.51)</b>	<b>8,147.23</b>	<b>(7,559,080.28)</b>
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes					1,616,738.00		1,616,738.00
Taxes Levied for Debt Service					226,150.00		226,150.00
Unrestricted Federal and State Aid					5,478,051.76		5,478,051.76
Investment Earnings					10,576.58	155.22	10,731.80
Other Income					373,073.41		373,073.41
<b>Total General Revenues And Transfers</b>					<b>7,704,589.75</b>	<b>155.22</b>	<b>7,704,744.97</b>
Change in Net Position					137,362.24	8,302.45	145,664.69
Net Position, July 1					7,801,956.36	153,790.70	7,955,747.06
Net Position, June 30					<b>\$ 7,939,318.60</b>	<b>\$ 162,093.15</b>	<b>\$ 8,101,411.75</b>

**FUND FINANCIAL STATEMENTS**



**GOVERNMENTAL FUNDS**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2017**

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,713,289.02	\$ 113,490.95	\$ -	\$ 10,295.54	\$ 1,837,075.51
Accounts Receivable					
Interfunds Receivable	185,388.01				185,388.01
State of New Jersey	10,008.82				10,008.82
Federal Government		53,738.00			53,738.00
Restricted Cash and Cash Equivalents	1,150,915.85				1,150,915.85
<b>Total Assets</b>	<b>\$ 3,059,601.70</b>	<b>\$ 167,228.95</b>	<b>\$ -</b>	<b>\$ 10,295.54</b>	<b>\$ 3,237,126.19</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 106,227.20	\$ -	\$ -	\$ -	\$ 106,227.20
Grantor Advances					-
Interfunds Payable		167,228.95			167,228.95
<b>Total Liabilities</b>	<b>106,227.20</b>	<b>167,228.95</b>	<b>-</b>	<b>-</b>	<b>273,456.15</b>
<b>FUNDS BALANCES</b>					
<b>Restricted</b>					
Emergency Reserve	250,000.00				250,000.00
Capital Reserve	571,976.25				571,976.25
Maintenance Reserve	328,939.50				328,939.50
Excess Surplus					
Designated for Subsequent Year	812,231.74				812,231.74
Current Year	1,096,778.40				1,096,778.40
Debt Service Fund				10,295.54	10,295.54
<b>Assigned</b>					
Designated for Subsequent Year	23,383.26				23,383.26
Other Purposes	181,431.35				181,431.35
Unassigned	(311,366.00)				(311,366.00)
<b>Total Fund Balance</b>	<b>2,953,374.50</b>	<b>-</b>	<b>-</b>	<b>10,295.54</b>	<b>2,963,670.04</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,059,601.70</b>	<b>\$ 167,228.95</b>	<b>\$ -</b>	<b>\$ 10,295.54</b>	<b>\$ 3,237,126.19</b>

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Governmental Funds  
 Balance Sheet  
 June 30, 2017

Total Governmental Fund Balances \$ 2,963,670.04

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds and consist of:

Cost of Capital Assets	12,430,699.95
Accumulated Depreciation	(4,644,682.51)

Bond issuance premiums are recorded as revenue in the Governmental Funds in the year of receipt. The premiums are amortized over the life of the issued bonds. (48,324.30)

Deferred Outflows related to pension contributions subsequent to the Net Position Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements 542,105.00

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements (96,959.00)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the fund statements (1,806,727.00)

Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term liabilities consist of:

Accrued Interest	(10,281.25)
Bond Payable	(1,325,000.00)
Compensated Absences Payable	(65,182.33)
	(1,399,463.58)

Total Net Position - Governmental Activities \$ 7,939,318.60

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenses and Changes in Fund Balances**  
**For The Fiscal Year Ended June 30, 2017**

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 1,616,738.00	\$ -	\$ -	\$ 226,150.00	\$ 1,842,888.00
Interest Earned	10,576.58				10,576.58
Tuition - Transportation	98,028.24				98,028.24
Miscellaneous	275,045.17				275,045.17
	2,000,387.99	-	-	226,150.00	2,226,537.99
Federal Sources		259,876.00			259,876.00
State Sources	6,374,686.64	51,800.00			6,426,486.64
<b>Total Revenues</b>	<b>8,375,074.63</b>	<b>311,676.00</b>	<b>-</b>	<b>226,150.00</b>	<b>8,912,900.63</b>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	1,735,159.76	281,153.00			2,016,312.76
Special Education Instruction	531,380.49				531,380.49
School Sponsored Activities	38,324.46				38,324.46
Other Instruction	235,425.00				235,425.00
Support Services					
Tuition	1,460,487.93				1,460,487.93
Student and Instruction	696,262.16	30,523.00			726,785.16
General Administration	135,085.72				135,085.72
School Administrative	158,971.14				158,971.14
Central Services	160,400.09				160,400.09
Plant Operations and Maintenance	448,797.85				448,797.85
Pupil Transportation	520,096.89				520,096.89
Other Support Services					-
Employee Benefits	1,879,161.03				1,879,161.03
Debt Service					
Principal				170,000.00	170,000.00
Interest				56,150.00	56,150.00
Capital Outlay	287,265.44				287,265.44
<b>Total Expenditures</b>	<b>8,286,817.96</b>	<b>311,676.00</b>	<b>-</b>	<b>226,150.00</b>	<b>8,824,643.96</b>
Excess (Deficiency) of Revenues Over Expenditures	88,256.67	-	-	-	88,256.67
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of Refunding Bonds					-
Transfers					-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>88,256.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,256.67</b>
Fund Balance, July 1	2,865,117.83	-	-	10,295.54	2,875,413.37
<b>Fund Balance, June 30</b>	<b>\$ 2,953,374.50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,295.54</b>	<b>\$ 2,963,670.04</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For The Fiscal Year Ended June 30, 2017**

See Accompanying Notes to the Basic Financial Statements

Total Net Change in Fund Balances - Governmental Funds	(B-2)	\$ 88,256.67
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense and Amortization		(255,761.52)
Capital Outlays		287,265.44
Debt Service Assessment Charged to Capital Outlay		(44,325.00)
Non-Capital		(3,515.79)
<p>Repayment of bond principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.</p>		
Repayments of Debt		170,000.00
Amortization on Bond Premiums		7,115.70
<p>Pension contributions are reported in governmental funds as expenditures. However in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumptions. This is the amount by which net pension liability and deferred inflows/outflows related to pensions changed during the period.</p>		
		(107,909.00)
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).</p>		
(Increase) Decrease in Accrued Compensated Absences		(5,180.93)
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>		
(Increase) Decrease in Accrued Interest		1,416.67
Change in Net Position of Governmental Activities		\$ 137,362.24

**PROPRIETARY FUNDS**

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Proprietary Funds  
 Statement of Net Position  
 June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	<u>Food Service</u>	<u>Community Program</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 42,925.40	\$ 35,247.07	\$ 78,172.47
Accounts Receivable			
State of New Jersey	97.15		97.15
Federal Government	4,554.95		4,554.95
Inventories	2,274.40		2,274.40
Total Current Assets	<u>49,851.90</u>	<u>35,247.07</u>	<u>85,098.97</u>
Noncurrent Assets			
Equipment	128,299.99		128,299.99
Less: Accumulated Depreciation	<u>31,953.75</u>		<u>31,953.75</u>
Total Noncurrent Assets	<u>96,346.24</u>	<u>-</u>	<u>96,346.24</u>
Total Assets	<u>146,198.14</u>	<u>35,247.07</u>	<u>181,445.21</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	1,193.00		1,193.00
Interfunds Payable	<u>18,159.06</u>		<u>18,159.06</u>
Total Current Liabilities	<u>19,352.06</u>	<u>-</u>	<u>19,352.06</u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	96,346.24		96,346.24
Unrestricted	<u>30,499.84</u>	<u>35,247.07</u>	<u>65,746.91</u>
Total Net Position	<u>\$ 126,846.08</u>	<u>\$ 35,247.07</u>	<u>\$ 162,093.15</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For The Fiscal Year Ended June 30, 2017**

See Accompanying Notes to the Basic Financial Statements

	<u>Food Service</u>	<u>Community Program</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges For Services			
Daily Sales			
Reimbursable Programs	\$ 55,355.70	\$ -	\$ 55,355.70
Non-Reimbursable Programs	31,463.44		31,463.44
Community Programs		80,482.29	80,482.29
Total Operating Revenue	<u>86,819.14</u>	<u>80,482.29</u>	<u>167,301.43</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales	75,344.86		75,344.86
Salaries	69,878.85		69,878.85
Employee Benefits	21,151.93		21,151.93
Other Purchased Services		45,994.12	45,994.12
General Supplies	362.65	11,698.16	12,060.81
Depreciation	3,109.50		3,109.50
Other	13,949.39		13,949.39
Total Operating Expenses	<u>183,797.18</u>	<u>57,692.28</u>	<u>241,489.46</u>
Operating Income (Loss)	<u>(96,978.04)</u>	<u>22,790.01</u>	<u>(74,188.03)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Sources	1,394.38		1,394.38
State School Lunch and Breakfast Program			-
Federal Sources	72,350.28		72,350.28
National School Lunch and Breakfast Program	8,590.60		8,590.60
Food Distribution Program	155.22		155.22
Interest on Investments		-	-
Total Nonoperating Revenues (Expenses)	<u>82,490.48</u>	<u>-</u>	<u>82,490.48</u>
Income (Loss) Before Contributions and Transfers	(14,487.56)	22,790.01	8,302.45
Capital Contributions			
Transfers In/(Out)			
Change in Net Position	(14,487.56)	22,790.01	8,302.45
Net Position, July 1	<u>141,333.64</u>	<u>12,457.06</u>	<u>\$ 153,790.70</u>
Net Position, June 30	<u>\$ 126,846.08</u>	<u>\$ 35,247.07</u>	<u>\$ 162,093.15</u>



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2017**

See Accompanying Notes to the Basic Financial Statements

	Food Service	Community Program	Totals
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts From Customers and Other Funds	\$ 86,819.14	\$ 80,482.29	\$ 167,301.43
Payments for Labor Costs	(91,030.78)		(91,030.78)
Payments to Suppliers	(91,198.56)	(57,692.28)	(148,890.84)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>(95,410.20)</u>	<u>22,790.01</u>	<u>(72,620.19)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	1,374.53		1,374.53
Federal Sources	80,119.33		80,119.33
Operating Subsidies and Transfers	8,097.14		8,097.14
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<u>89,591.00</u>	<u>-</u>	<u>89,591.00</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets			
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	155.22	-	155.22
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>155.22</u>	<u>-</u>	<u>155.22</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(5,663.98)	22,790.01	17,126.03
Cash and Cash Equivalents, July 1	48,589.38	12,457.06	61,046.44
Cash and Cash Equivalents, June 30	<u>\$ 42,925.40</u>	<u>\$ 35,247.07</u>	<u>\$ 78,172.47</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities**

Operating Income (Loss)	(96,978.04)	22,790.01	\$ (74,188.03)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Depreciation	3,109.50		3,109.50
(Increase) Decrease			
Accounts Receivable			
Inventories	(251.03)		(251.03)
Other Current Assets			
Increase (Decrease)			
Accounts Payable	(1,290.63)		(1,290.63)
Accrued Expenses			
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>(95,410.20)</u>	<u>22,790.01</u>	<u>\$ (72,620.19)</u>

**FIDUCIARY FUNDS**

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 12,711.31	\$ 23,055.44
Total Assets	<u>12,711.31</u>	<u>23,055.44</u>
<b>LIABILITIES</b>		
Due to Student Groups		<u>23,055.44</u>
Total Liabilities	<u>-</u>	<u>23,055.44</u>
<b>NET POSITION</b>		
Held in Trust	<u>12,711.31</u>	
Total Net Position	<u>\$ 12,711.31</u>	<u>\$ -</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For The Fiscal Year Ended June 30, 2017

See Accompanying Notes to the Basic Financial Statements

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	\$ 12,171.52
Board Contributions	-
Total Contributions	<u>12,171.52</u>
Investment Earnings	
Interest	<u>35.80</u>
Total Investment Earnings	<u>35.80</u>
Total Additions	<u>12,207.32</u>
DEDUCTIONS	
Quarterly Contribution Reports	8,209.22
Unemployment Claims	-
Total Deductions	<u>8,209.22</u>
Change in Net Position	3,998.10
Net Position, July 1	<u>8,713.21</u>
Net Position, June 30	<u><u>\$ 12,711.31</u></u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

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

The financial statements of the Board of Education (Board) of the Borough of Folsom School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District is discussed below.

**Reporting Entity**

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

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

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

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

**Government-Wide and Fund Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service program is classified as Business-type Activities.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and net position. The District first utilizes restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activity. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The government-wide financial statements do not include fiduciary activity.

**Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following Governmental Funds:

**Governmental Funds**

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District.

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

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED.)**

**Fund Financial Statements (Continued)**

Resources from 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 Special Revenue Fund is used to account for the proceeds of specific revenue from state and federal governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specific purposes.

**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.

**Proprietary Funds**

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

**Enterprise Funds** – The Enterprise Funds account for all revenues and expenses pertaining to the Board's 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 on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise fund is comprised of:

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

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



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements (Continued)**

**Fiduciary Funds**

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other Governments and therefore not available to support District programs. The reporting focus is on net position, changes in net position, and is reported using accounting principles similar to Proprietary Funds.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

The Fiduciary Funds include the Student Activity Fund, Technology Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and not involve measurement of results of operations.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also relates to the timing of the measurement made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. However, NJSA 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 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 et seq. established the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks), and savings banks; the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% 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.

**Inventories**

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs are maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Interfund Receivables/Payables**

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and other non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

**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 for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds state mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining projects appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized 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.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrances**

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, which are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of Management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Bond Premium**

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

**Revenues**

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met are reported as advances by the provider and deferred revenue by the recipient.

**Expenditures**

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when items are used, rather than in the period purchased.

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**Net Position**

Net position represents the difference between assets and liabilities. Net positions invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position funds are available.

**Fund Balance Reserves**

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

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

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

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

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Reserves (continued)**

**Unassigned** – The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund balances are available, 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.

**Recent Accounting Pronouncements**

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 after June 15, 2017, the impact of this statement on the net position of the entity is anticipated to be significant.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "Irrevocable Split-Interest Agreements". This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement 84, "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017". This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits**

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

As of June 30, 2017, the District's bank balances of \$3,604,046.72 were exposed to custodial credit risk as follows:

Insured FDIC	\$	250,000.00
Uninsured but collateralized with bank – GUDPA		3,354,046.72
	<b>\$</b>	<b>3,604,046.72</b>

**Interest Rate Risk** – The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk** – NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of Federal agencies not exceeding 397 days; Government Money Market Mutual Funds; the State of New Jersey Cash Management Plan; local Government investment pools; or repurchase of fully collateralized securities.

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

**NOTE 3 RESERVE ACCOUNT**

**Capital Reserve**

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes.



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 3      RESERVE ACCOUNT (CONTINUED)**

**Capital Reserve (Continued)**

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23 A-5.1(d) 7, the balance in the account cannot at any time exceed the support costs of uncompleted capital projects in its approved LRFP.

**Maintenance Reserve**

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

**Emergency Reserve**

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

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

Beginning Balance; July 1, 2016	\$	1,396,988.75
Deposits		
Interest Earned		1,727.10
Withdrawals		
Approved		247,800.00
Ending Balance; June 30, 2017	\$	1,150,915.85

Allocation of Reserve Account at June 30, 2017:

Emergency Reserve	\$	250,000.00
Maintenance Reserve		328,939.50
Capital Reserve		571,976.25
	\$	1,150,915.85

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Facility and Improvements	\$ 11,527,279.14	\$ 145,713.05	\$ -	\$ 11,672,992.19
Equipment	663,996.18	93,711.60		757,707.78
Total at Historical Cost	12,191,275.32	239,424.65	-	12,430,699.97
Accumulated Depreciation	4,388,920.99	255,761.52		4,644,682.51
Capital Assets, Net	<u>\$ 7,802,354.33</u>	<u>\$ (16,336.87)</u>	<u>\$ -</u>	<u>\$ 7,786,017.46</u>
Business-Type Activities				
Facility and Improvements	\$ -	\$ -	\$ -	\$ -
Equipment	128,299.99			128,299.99
Total at Historical Cost	128,299.99	-	-	128,299.99
Accumulated Depreciation	28,844.25	3,109.50		31,953.75
Capital Assets, Net	<u>\$ 99,455.74</u>	<u>\$ (3,109.50)</u>	<u>\$ -</u>	<u>\$ 96,346.24</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

During the year ended June 30, 2017 the following changes occurred in long-term liabilities payable:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Compensated Absences	\$ 60,001.40	\$ 5,180.93	\$ -	\$ 65,182.33
Bonds	1,495,000.00		170,000.00	1,325,000.00
Unamortized Premium	55,440.00		7,115.70	48,324.30
Capital Assets, Net	<u>\$ 1,610,441.40</u>	<u>\$ 5,180.93</u>	<u>\$ 177,115.70</u>	<u>\$ 1,438,506.63</u>

**Bonds Payable**

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

School Refunding Bonds in the amount of \$1,866,000.00 were issued in December 2013 payable in annual installments through April 2024. Interest is paid semi-annually at an interest rate of 4.00%.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 5      LONG-TERM OBLIGATIONS (CONTINUED)**

**Bonds Payable (Continued)**

Principal and interest due on bonds outstanding are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 180,000.00	\$ 49,350.00	\$ 229,350.00
2019	180,000.00	42,150.00	222,150.00
2020	185,000.00	36,750.00	221,750.00
2021	185,000.00	31,200.00	216,200.00
2022	190,000.00	23,800.00	213,800.00
Thereafter	405,000.00	24,400.00	429,400.00
	<hr/>	<hr/>	<hr/>
	\$ 1,325,000.00	\$ 207,650.00	\$ 1,532,650.00
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Bonds Authorized But Not Issues**

As of June 30, 2017, the Board has \$0 of bonds authorized but not issued.

**Other**

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceed legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the Federal Government. Thus, rebatable arbitrage liabilities related to Governmental debt will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

**Compensated Absences**

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 6**

**PENSION PLANS**

**Description of Plans**

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

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

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

**Public Employees' Retirement System (PERS)**

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

**Funding Policy**

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

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

Year of Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2017	\$ 298,119	100%
June 30, 2016	\$ 199,705	100%
June 30, 2015	\$ 122,791	100%

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Funding Policy (Continued)**

Three Year Trend Information for PERS

<u>Year of Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2017	\$ 51,618	100%
June 30, 2016	\$ 50,005	100%
June 30, 2015	\$ 54,334	100%

The State of New Jersey contributed the following amounts to the TPAF for post-retirement medical benefits and life insurance premiums on behalf of the Board:

<u>Year of Funding</u>	<u>Amount</u>
June 30, 2017	\$ 249,903
June 30, 2016	\$ 237,793
June 30, 2015	\$ 194,930

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

<u>Year of Funding</u>	<u>Amount</u>
June 30, 2017	\$ 199,798
June 30, 2016	\$ 198,601
June 30, 2015	\$ 197,758

The amounts contributed by the State of New Jersey listed above are not required to be budgeted, have been included in the financial statements, and the combining and individual fund account group statements and schedules as revenues and expenditures in accordance with GASB 27.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 6 PENSION PLANS (CONTINUED)**

**PERS and TPAF Vesting and Benefit Provisions**

The vesting and benefits provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Public Employees Retirement System**

At June 30, 2017, the District reported a liability of \$1,806,727 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability is based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.0061002782% which was an increase of 0.00028% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$162,100, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 33,600	\$
Changes of Assumptions	374,257	
Net Differences Between Projected and Actual Earnings on Investments	68,892	
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	65,356	96,959
District Subsequent Contribution	51,618	
Total	\$ 593,723	\$ 96,959

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (Continued)**

The amount of \$51,618, reported as deferred outflows of resources related to pensions, resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30,		
2018	\$	109,288
2019		109,288
2020		129,159
2021		104,320
2022		44,709
		496,764
	<u>\$</u>	<u>496,764</u>

*Actuarial Assumptions* – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016 using the following assumptions:

Inflation:	3.08%
Salary Increase:	
2015-2026	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age
Investment Rate of Return:	7.65%

Mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for Male and Female active participants. For State employees, mortality tables are setback 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

*Long Term Expected Rate of Return* – In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of investments and Division of pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocations as of June 30, 2016 are summarized in the following table:

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (Continued)**

*Long Term Expected Rate of Return (Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	0.87%
US Treasuries	1.55%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.10%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

*Discount Rate* – The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that due date in determining the total pension liability.

*Sensitivity of the District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate* – The following presents the collective net pension liability as of June 30, 2016, calculated using the discount rate disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage –point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (2.98%)</u>	<u>Current Discount Rate (3.98%)</u>	<u>1% Increase (4.98%)</u>
District's Proportionate Share of Net Pension Liability	<u>\$ 2,164,459</u>	<u>\$ 1,806,727</u>	<u>\$ 1,510,966</u>



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (Continued)**

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

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

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the District employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployed contributing entity. Since the District (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the District.

For the year ended June 30, 2017, the District recognized pension expense of \$655,931 and revenue of \$655,931 for support provided by the State. The measurement period for the pension expense and revenue reported in the District's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon changes in the collective net pension liability between July 1, 2015 and June 30, 2016

At June 30, 2017 the State's portion of the net pension liability that was associated with the District was \$19,621,951 as measured on June 30, 2016 and \$14,355,143 as measured on June 30, 2015.

*Actuarial Assumptions* – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2015. The actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases	
2012 – 2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return:	7.65%

Assumptions for mortality rates were based on experience of TPAF members reflecting mortality improvement on a generational bases based on a 60 year average of Social Security data from 1953 to 2013.

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 6 PENSION PLANS (CONTINUED)**

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

*Long-Term Expected Rate of Return* – In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Markets	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds – Equity Hedge	3.75%	4.72%
Hedge Funds – Distressed	3.75%	3.49%

*Discount Rate* – The discount rate used to measure the State's total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plans investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at current member contribution rates and that contributions from employers (State of New Jersey) will be made based on an average of the last five years. Based on those assumption, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 6 PENSION PLANS (CONTINUED)**

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

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

**Defined Contribution Retirement Program (DCRP)**

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

**NOTE 7 POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990,c.6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,5124 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP.

**NOTE 8 DEFERRED COMPENSATION**

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

L Lincoln Investment Planning, Inc.  
Sirscusa Benefits Programs

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 9 RISK MANAGEMENT**

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

**Property and Liability Insurance**

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

**New Jersey Unemployment Compensation Insurance**

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Year Ended June 30,	District Contributions	Employee Contributions	Net Cost	Ending Balance
2017	\$ .00	\$ 12,171.52	\$ 8,173.42	\$ 12,711.31
2016	\$ .00	\$ 10,856.40	\$ 7,106.26	\$ 8,713.21
2015	\$ .00	\$ 15,881.79	\$ 14,071.22	\$ 4,962.91

**NOTE 10 INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 185,388.01	\$
Special Revenue Fund		167,228.95
Enterprise Fund		<u>18,159.06</u>
Total	<u>\$ 185,388.01</u>	<u>\$ 185,388.01</u>

**NOTE 11 INVENTORY**

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$ 1,472.51
Supplies	<u>801.89</u>
	<u>\$ 2,274.40</u>

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 12 FUND BALANCES**

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

**General Fund**

**For Excess Surplus** - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7 as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$1,909,010.14.

**For Capital, Maintenance and Emergency Reserve** - As of June 30, 2017, the balance in the reserve accounts were \$1,150,915.75. These funds are restricted for future expenditures.

**Debt Service Fund** - The Debt Service Fund restricted fund balance at June 30, 2017 is \$10,295.54.

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

**General Fund**

**Other Purposes** - At June 30, 2017, the District had \$181,431.35 of encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, as of the close of the fiscal year.

**Designated for Subsequent Year** - At June 30, 2017, the District had \$23,383.26 of funds which have been appropriated for the subsequent year's budget.

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

**General Fund**

The District has a deficit fund balance of \$311,368.00 in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). P.L. 2004, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last payment as revenue, for budget purposes only, in the current school budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties. Pursuant N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated General Fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered a violation of New Jersey statute and regulation nor in need of corrective action.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 13      DEFICIT UNRESTRICTED NET POSITION**

The governmental activities have a deficit in unrestricted net position of \$1,796,734.88. This deficit is attributable to the allocation of compensated absences balances payable, accrued interest payable and net pension liability to unrestricted net assets.

**NOTE 14      CONTINGENT LIABILITIES**

**Federal and State Grants**

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

**General**

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

**NOTE 15      TAX ABATEMENTS**

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

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

**NOTE 16      SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred as of August 17, 2017, the date that the financial statements were issued for possible disclosure and recognition in the financial statements for disclosure or adjustment.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**



BOROUGH OF FOLSOM SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,616,738.00	\$ -	\$ 1,616,738.00	\$ 1,616,738.00	\$ -
Interest Earned on Investments	1,800.00		1,800.00	8,849.48	7,049.48
Interest Earned on Investments Capital Reserve				1,727.10	1,727.10
Tuition - Transportation		98,028.24	98,028.24	98,028.24	-
Miscellaneous	4,997.00		4,997.00	275,045.17	270,048.17
<b>Total Local Sources</b>	<b>1,623,535.00</b>	<b>98,028.24</b>	<b>1,721,563.24</b>	<b>2,000,387.99</b>	<b>278,824.75</b>
State Sources					
Equalization Aid	4,180,760.00		4,180,760.00	4,180,760.00	-
Special Education Categorical Aid	279,894.00		279,894.00	279,894.00	-
School Choice Aid	876,512.00		876,512.00	876,512.00	-
Nonpublic Transportation Aid					-
Categorical Security Aid	79,030.00		79,030.00	79,030.00	-
Extraordinary Aid	-				-
Transportation Aid	50,786.00		50,786.00	50,786.00	-
Adjustment Aid	126,420.00		126,420.00	126,420.00	-
Under Adequacy Aid	30,122.00		30,122.00	30,122.00	-
PARCC Readiness Aid	5,180.00		5,180.00	5,180.00	-
Per Pupil Aid	5,180.00		5,180.00	5,180.00	-
Professional Learning Community Aid	4,730.00		4,730.00	4,730.00	-
On-Behalf Non-Budgeted					
TPAF Pension				298,119.00	298,119.00
TPAF Post Retirement Medical				249,903.00	249,903.00
TPAF Social Security				199,798.64	199,798.64
<b>Total State Sources</b>	<b>5,638,614.00</b>	<b>-</b>	<b>5,638,614.00</b>	<b>6,386,434.64</b>	<b>747,820.64</b>
<b>Total Revenues</b>	<b>7,262,149.00</b>	<b>98,028.24</b>	<b>7,360,177.24</b>	<b>8,386,822.63</b>	<b>1,026,645.39</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>Current Expense</b>					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers		15,543.00	15,543.00	15,543.00	-
Kindergarten - Salaries of Teachers	234,033.00	3,174.02	237,207.02	235,707.24	1,499.78
Grades 1-5 - Salaries of Teachers	774,488.00	(4,197.31)	770,290.69	756,224.73	14,065.96
Grades 6-8 - Salaries of Teachers	483,463.00	(8,765.00)	474,698.00	471,751.33	2,946.67
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	5,000.00		5,000.00	2,250.00	2,750.00
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	26,000.00		26,000.00	23,427.41	2,572.59
Purchased Technical Services	58,000.00	15,000.00	73,000.00	66,995.75	6,004.25
Other Purchased Services (400-500 series)	18,000.00		18,000.00	16,813.80	1,186.20
General Supplies	190,000.00	(62,058.79)	127,941.21	100,406.20	27,535.01
Textbooks	20,000.00	28,000.00	48,000.00	46,040.30	1,959.70
Other Objects					-
<b>Total Regular Programs - Instruction</b>	<u>1,808,984.00</u>	<u>(13,304.08)</u>	<u>1,795,679.92</u>	<u>1,735,159.76</u>	<u>60,520.16</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	463,173.00	76,085.10	539,258.10	531,380.49	7,877.61
Other					-
<b>Total Resource Room/Resource Center</b>	<u>463,173.00</u>	<u>76,085.10</u>	<u>539,258.10</u>	<u>531,380.49</u>	<u>7,877.61</u>
<b>Total Special Education - Instruction</b>	<u>463,173.00</u>	<u>76,085.10</u>	<u>539,258.10</u>	<u>531,380.49</u>	<u>7,877.61</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	150,969.00	84,456.00	235,425.00	235,425.00	-
Other Salaries for Instruction	1,600.00	(1,600.00)			-
<b>Total Basic Skills/Remedial - Instruction</b>	<u>152,569.00</u>	<u>82,856.00</u>	<u>235,425.00</u>	<u>235,425.00</u>	<u>-</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Co curricular Activities - Instruction					
Salaries	13,896.00	4,510.00	18,406.00	18,406.00	-
Other Objects	-				-
Transfers to Cover Deficit (Agency Funds)	12,000.00	(4,510.00)	7,490.00	3,927.46	3,562.54
<b>Total School-Sponsored Co curricular Activities - Instruction</b>	<b>25,896.00</b>	<b>-</b>	<b>25,896.00</b>	<b>22,333.46</b>	<b>3,562.54</b>
School-Sponsored Co curricular Athletics - Instruction					
Salaries	17,151.00		17,151.00	14,215.00	2,936.00
Purchased Services (300-500 series)	2,500.00		2,500.00	1,676.00	824.00
Other Objects	5,000.00		5,000.00	100.00	4,900.00
<b>Total School-Sponsored Co curricular Athletics - Instruction</b>	<b>24,651.00</b>	<b>-</b>	<b>24,651.00</b>	<b>15,991.00</b>	<b>8,660.00</b>
<b>Total Instruction and At-Risk Programs</b>	<b>2,475,273.00</b>	<b>145,637.02</b>	<b>2,620,910.02</b>	<b>2,540,289.71</b>	<b>80,620.31</b>
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	723,238.00		723,238.00	723,238.00	-
Tuition to Other LEAs Within the State - Special	112,460.00	108,000.00	220,460.00	210,487.70	9,972.30
Tuition to County Vocational School - Regular	71,972.00		71,972.00	71,972.00	-
Tuition to County Vocational School - Special	17,000.00	(4,100.00)	12,900.00	8,500.00	4,400.00
Tuition to CSSD and Regional Day Schools	200,000.00	(86,000.00)	114,000.00	86,427.46	27,572.54
Tuition to Private Schools for the Disabled - Within State	429,200.00	(67,900.00)	361,300.00	359,862.77	1,437.23
Tuition - Other					-
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,553,870.00</b>	<b>(50,000.00)</b>	<b>1,503,870.00</b>	<b>1,460,487.93</b>	<b>43,382.07</b>
Undistributed Expenditures - Health Services					
Salaries	56,338.00	518.93	56,856.93	56,856.93	-
Purchased Professional and Technical Services	4,000.00	(380.00)	3,620.00	2,000.00	1,620.00
Other Purchased Services (400-500 series)	1,000.00		1,000.00	950.00	50.00
Supplies and Materials	5,000.00	(697.29)	4,302.71	4,302.71	-
<b>Total Undistributed Expenditures - Health Services</b>	<b>66,338.00</b>	<b>(558.36)</b>	<b>65,779.64</b>	<b>64,109.64</b>	<b>1,670.00</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Speech, OT, PT and Related Services					
Salaries	132,876.00	(82,656.00)	50,220.00	50,220.00	-
Purchased Professional - Educational Services	70,000.00	(29,617.83)	40,382.17	40,382.17	-
Supplies and Materials	2,000.00	(1,377.70)	622.30	622.30	-
Other Objects					-
<b>Total Support Services - Speech, OT, PT and Related Services</b>	<b>204,876.00</b>	<b>(113,651.53)</b>	<b>91,224.47</b>	<b>91,224.47</b>	<b>-</b>
Other Support Services - Students - Extraordinary					
Salaries	-				-
<b>Total Support Services - Students - Extraordinary</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Support Services - Students - Guidance					
Salaries	52,793.00	(791.91)	52,001.09	52,001.09	-
<b>Total Support Services - Students - Guidance</b>	<b>52,793.00</b>	<b>(791.91)</b>	<b>52,001.09</b>	<b>52,001.09</b>	<b>-</b>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	201,941.00	8,947.73	210,888.73	210,888.73	-
Salaries of Secretarial and Clerical Assistants	30,900.00	849.40	31,749.40	31,749.40	-
Purchased Professional and Technical Services	5,000.00	3,636.10	8,636.10	8,636.10	-
Other Purchased Services (400-500 series)	1,000.00	609.07	1,609.07	1,609.07	-
Supplies and Materials	3,000.00	2,040.44	5,040.44	5,040.44	-
<b>Total Undistributed Expenditures - Child Study Teams</b>	<b>241,841.00</b>	<b>16,082.74</b>	<b>257,923.74</b>	<b>257,923.74</b>	<b>-</b>
Undistributed Expenditures - Improvement of Instructional Services					
Salaries of Supervisor of Instruction	86,994.00	210.96	87,204.96	87,204.96	-
Salaries of Other Professional Staff					-
Other Purchased Services (400-500 Series - Other Than 444)	2,000.00	(210.96)	1,789.04	1,581.92	207.12
Supplies and Materials	-				-
<b>Total Undistributed Expenditures - Improvement of Instructional Services</b>	<b>88,994.00</b>	<b>0.00</b>	<b>88,994.00</b>	<b>88,786.88</b>	<b>207.12</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Educational Media Services/School Library					
Salaries	64,700.00		64,700.00	64,700.00	-
Salaries of Technology Coordinators	70,959.00	167.00	71,126.00	69,906.50	1,219.50
Purchased Professional and Technical Services	-		-	-	-
Supplies and Materials	5,000.00	(400.75)	4,599.25	4,599.25	-
Other Objects	-		-	-	-
<b>Total Undistributed Expenditures - Educational Media Services/School Library</b>	<b>140,659.00</b>	<b>(233.75)</b>	<b>140,425.25</b>	<b>139,205.75</b>	<b>1,219.50</b>
Undistributed Expenditures - Instructional Staff Training Services					
Other Purchased Services (400-500 series)	20,000.00	3,000.00	23,000.00	3,010.59	19,989.41
Other Objects	3,000.00	(3,000.00)	-	-	-
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>23,000.00</b>	<b>-</b>	<b>23,000.00</b>	<b>3,010.59</b>	<b>19,989.41</b>
Undistributed Expenditures - Support Services - General Administration					
Salaries	69,128.00		69,128.00	68,052.96	1,075.04
Legal Services	20,000.00		20,000.00	17,470.86	2,529.14
Audit Fees	15,000.00	(5,000.00)	10,000.00	9,100.00	900.00
Architectural/Engineering Services	5,000.00	5,000.00	10,000.00	6,490.78	3,509.22
Other Purchased Professional Services	4,000.00		4,000.00	3,600.00	400.00
Purchased Technical Services	-		-	-	-
Communications/Telephone	15,000.00	2,000.00	17,000.00	7,940.34	9,059.66
Board of Education Other Purchased Services	-		-	-	-
Miscellaneous Purchased Services (400-500 Series Other Than 530/585)	29,000.00		29,000.00	16,010.27	12,989.73
General Supplies	2,000.00		2,000.00	469.28	1,530.72
Board of Education In-House Training/Meeting Supplies	2,500.00		2,500.00	95.78	2,404.22
Miscellaneous Expenditures	10,235.00	(2,000.00)	8,235.00	2,425.00	5,810.00
Board of Education Membership Dues and Fees	7,000.00		7,000.00	3,430.45	3,569.55
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>178,863.00</b>	<b>-</b>	<b>178,863.00</b>	<b>135,085.72</b>	<b>43,777.28</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undistributed Expenditures - Support Services - School Administration</b>					
Salaries of Principals/Assistant Principals/Program Directors	62,603.00		62,603.00	62,602.56	0.44
Salaries of Secretarial and Clerical Assistants	65,804.00		65,804.00	56,954.03	8,849.97
Purchased Professional and Technical Services	10,000.00	1,250.00	11,250.00	8,593.75	2,656.25
Other Purchased Services (400-500 series)	26,500.00	(1,250.00)	25,250.00	7,909.01	17,340.99
Supplies and Materials	28,000.00		28,000.00	18,410.56	9,589.44
Other Objects	10,000.00	7.48	10,007.48	4,501.23	5,506.25
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>202,907.00</b>	<b>7.48</b>	<b>202,914.48</b>	<b>158,971.14</b>	<b>43,943.34</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	111,462.00	1,479.24	112,941.24	111,941.32	999.92
Purchased Professional Services	16,000.00	1,000.00	17,000.00	16,207.25	792.75
Purchased Technical Services	34,000.00	(2,479.24)	31,520.76	26,678.08	4,842.68
Miscellaneous Purchased Services (400-500 Series)	3,500.00		3,500.00	2,129.17	1,370.83
Supplies and Materials	10,000.00		10,000.00	3,444.27	6,555.73
Miscellaneous Expenditures	-				-
<b>Total Undistributed Expenditures - Central Services</b>	<b>174,962.00</b>	<b>0.00</b>	<b>174,962.00</b>	<b>160,400.09</b>	<b>14,561.91</b>
<b>Undistributed Expenditures - Required Maintenance for School Facilities</b>					
Salaries	68,654.00		68,654.00	64,407.31	4,246.69
Cleaning, Repair, and Maintenance Services	50,000.00		50,000.00	30,850.99	19,149.01
Travel		500.00	500.00	254.51	245.49
General Supplies	35,000.00	6,905.96	41,905.96	34,120.28	7,785.68
Other Objects	500.00	(500.00)			-
<b>Total Undistributed Expenditures -Required Maintenance for School Facilities</b>	<b>154,154.00</b>	<b>6,905.96</b>	<b>161,059.96</b>	<b>129,633.09</b>	<b>31,426.87</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Custodial Services					
Salaries	106,384.00	(256.50)	106,127.50	99,461.47	6,666.03
Salaries of Non-Instructional Aides	15,000.00	5,256.50	20,256.50	20,256.50	-
Purchased Professional and Technical Services	55,000.00	(55,000.00)			-
Cleaning, Repair and Maintenance Services	-	37,000.00	37,000.00	29,931.35	7,068.65
Insurance	20,000.00	(1,000.00)	19,000.00	5,397.00	13,603.00
Travel	-				-
Miscellaneous Purchased Services	-				-
General Supplies	20,000.00		20,000.00	5,785.36	14,214.64
Energy - Natural Gas	20,000.00	(5,000.00)	15,000.00	5,804.26	9,195.74
Energy - Electricity	115,000.00	(1,200.00)	113,800.00	103,569.40	10,230.60
Other Objects	-				-
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>351,384.00</b>	<b>(20,200.00)</b>	<b>331,184.00</b>	<b>270,205.34</b>	<b>60,978.66</b>
Undistributed Expenditures - Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000.00	14,450.50	39,450.50	37,975.50	1,475.00
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>25,000.00</b>	<b>14,450.50</b>	<b>39,450.50</b>	<b>37,975.50</b>	<b>1,475.00</b>
Undistributed Expenditures - Security					
Purchased Professional and Technical Services	25,000.00	(1,105.76)	23,894.24	10,983.92	12,910.32
<b>Total Undistributed Expenditures - Security</b>	<b>25,000.00</b>	<b>(1,105.76)</b>	<b>23,894.24</b>	<b>10,983.92</b>	<b>12,910.32</b>
<b>Total Undistributed Expenditures - Operations &amp; Maintenance Of Plant</b>	<b>555,538.00</b>	<b>50.70</b>	<b>555,588.70</b>	<b>448,797.85</b>	<b>106,790.85</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undistributed Expenditures - Student Transportation Services</b>					
Salaries For Pupil Transportation (Between Home and School) - Regular	8,488.00		8,488.00	7,089.80	1,398.20
Other Purchased Professional and Technical Services	10,000.00		10,000.00	4,350.00	5,650.00
Contracted Services - Aid In Lieu of Payment for Choice	2,500.00		2,500.00		2,500.00
Contracted Services - Aid In Lieu of Payment for Non-Public Students	2,500.00		2,500.00	884.00	1,616.00
Contracted Services - (Between Home and School) - Vendors	275,000.00	(23,909.72)	251,090.28	234,817.02	16,273.26
Contracted Services (Other than Between Home and School)-Vendors	15,000.00	(2,500.00)	12,500.00	6,962.50	5,537.50
Contracted Services - (Between Home and School) - Joint Agreements	35,000.00	(8,000.00)	27,000.00	26,243.60	756.40
Contracted Services - (Special Education Students) - Joint Agreements	100,000.00	89,500.00	189,500.00	143,530.87	45,969.13
Contracted Services - (Special Education Students) - ESCs and CTSA	150,000.00	(53,000.00)	97,000.00	96,219.10	780.90
General Supplies					-
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>598,488.00</b>	<b>2,090.28</b>	<b>600,578.28</b>	<b>520,096.89</b>	<b>80,481.39</b>
<b>Unallocated Benefits</b>					
Group Insurance	3,000.00		3,000.00	2,957.50	42.50
Social Security Contributions	90,000.00		90,000.00	67,101.18	22,898.82
Other Retirement Contributions - Regular	65,000.00		65,000.00	54,782.00	10,218.00
Unemployment Compensation	30,000.00		30,000.00	-	30,000.00
Workmen's Compensation	27,000.00		27,000.00	11,378.00	15,622.00
Health Benefits	1,078,438.00	(10,000.00)	1,068,438.00	979,590.79	88,847.21
Tuition Reimbursement	15,000.00		15,000.00	7,430.92	7,569.08
Other Employee Benefits	34,000.00	(24,000.00)	10,000.00	8,100.00	1,900.00
Unsuad Sick Payment to Term/Ret Staff		34,000.00	34,000.00		34,000.00
<b>Total Unallocated Benefits</b>	<b>1,342,438.00</b>	<b>-</b>	<b>1,342,438.00</b>	<b>1,131,340.39</b>	<b>211,097.61</b>



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-Behalf Contributions					
TPAF Pension				298,119.00	(298,119.00)
TPAF Post Retirement Medical				249,903.00	(249,903.00)
TPAF Social Security				199,798.64	(199,798.64)
<b>Total On-Behalf Contributions</b>	-	-	-	747,820.64	(747,820.64)
<b>Total Personal Services - Employee Benefits</b>	1,342,438.00	-	1,342,438.00	1,879,161.03	(536,723.03)
<b>Total Undistributed Expenditures</b>	5,425,567.00	(147,004.35)	5,278,562.65	5,459,262.81	(180,700.16)
<b>Total Current Expense</b>	7,900,840.00	(1,367.33)	7,899,472.67	7,999,552.52	(100,079.85)
Capital Outlay					
Non-Instructional Services					
Undistributed Expenditures					
Instruction		3,515.79	3,515.79	3,515.79	-
Required Maintenance of School Facilities					-
<b>Total Non-Instructional Services</b>	-	3,515.79	3,515.79	3,515.79	-
Facilities Acquisition and Construction Services					
Architectural/Engineering Services					-
Construction Services	200,000.00	(197,925.00)	2,075.00		2,075.00
Assmt for Debt Service on SDA Funding	44,325.00		44,325.00	44,325.00	-
Interest Deposit	1,800.00	(1,800.00)			-
Other Objects	-	400,970.51	400,970.51	239,424.65	161,545.86
<b>Total Facilities Acquisition and Construction Services</b>	246,125.00	201,245.51	447,370.51	283,749.65	163,620.86

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
School Administration					-
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	-	-
Total Capital Outlay	246,125.00	204,761.30	450,886.30	287,265.44	163,620.86
TOTAL EXPENDITURES	8,146,965.00	203,393.97	8,350,358.97	8,286,817.96	63,541.01
Excess (Deficiency) of Revenues Over(Under) Expenditures	(884,816.00)	(105,365.73)	(990,181.73)	100,004.67	1,090,186.40
Other Financing Sources (Uses)					
Operating Transfer In (Out)	(59,923.00)	59,923.00			
Capital Reserve Transfer to Capital Projects					-
Capital Leases (Non-Budgeted)					-
Total Other Financing Sources (Uses)	(59,923.00)	59,923.00	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(944,739.00)	(45,442.73)	(990,181.73)	100,004.67	1,090,186.40
Fund Balance, July 1	3,414,735.83	-	3,414,735.83	3,414,735.83	-
Fund Balance, June 30	<u>\$ 2,469,996.83</u>	<u>\$ (45,442.73)</u>	<u>\$ 2,424,554.10</u>	<u>\$ 3,514,740.50</u>	<u>\$ 1,090,186.40</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 571,976.25	
Maintenance Reserve				328,939.50	
Emergency Reserve				250,000.00	
Excess Surplus					
Designated for Subsequent Year's Expenditures				812,231.74	
Current Year				1,096,778.40	
Assigned Fund Balance					
Encumbrances				181,431.35	
Designated for Subsequent Year's Expenditures				23,383.26	
Unrestricted Fund Balance				250,000.00	
				3,514,740.50	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment not Recognized on GAAP Basis				(561,366.00)	
				\$ 2,953,374.50	
				\$ 2,953,374.50	

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
State Sources	\$ 111,723.00	\$ (59,923.00)	\$ 51,800.00	\$ 51,800.00	\$ -
Federal Sources	204,927.00	15,922.00	220,849.00	220,849.00	-
<b>Total Revenues</b>	<u>316,650.00</u>	<u>(44,001.00)</u>	<u>272,649.00</u>	<u>272,649.00</u>	<u>-</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	118,177.00	(12,304.00)	105,873.00	105,873.00	-
Other Salaries for Instruction	21,314.00	(17,257.00)	4,057.00	4,057.00	-
Tuition	92,523.00	3,271.00	95,794.00	95,794.00	-
Supplies and Materials	45,274.00	(8,872.00)	36,402.00	36,402.00	-
Other Objects					-
<b>Total Instruction</b>	<u>277,288.00</u>	<u>(35,162.00)</u>	<u>242,126.00</u>	<u>242,126.00</u>	<u>-</u>
Support Services					
Other Salaries	9,000.00	(9,000.00)			-
Personal Services - Employee Benefits	30,362.00	(15,248.00)	15,114.00	15,114.00	-
Purchased Professional Technical Services		2,508.00	2,508.00	2,508.00	-
Other Purchased Services		12,901.00	12,901.00	12,901.00	-
<b>Total Support Services</b>	<u>39,362.00</u>	<u>(8,839.00)</u>	<u>30,523.00</u>	<u>30,523.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>316,650.00</u>	<u>(44,001.00)</u>	<u>272,649.00</u>	<u>272,649.00</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources					
Operating Transfers	59,923.00	(59,923.00)			-
<b>Total Other Financing Sources</b>	<u>59,923.00</u>	<u>(59,923.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures</b>	<u>\$ 59,923.00</u>	<u>\$ (59,923.00)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO REQUIRED  
SUPPLEMENTARY INFORMATION

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For The Fiscal Year Ended June 30, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (Budgetary Basis) revenue from the Budgetary Comparison Schedule	\$ 8,386,822.63	\$ 272,649.00
Difference - Budget to GAAP		
Grant accounting Budgetary Basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
Encumbrances		
June 30, 2016	-	39,027.00
June 30, 2017	-	-
State Aid payment recognized for budgetary purposes, not recognized for GAAP purposes.		
State Aid Payment		
June 30, 2016	549,618.00	
June 30, 2017	<u>(561,366.00)</u>	
Total revenues as reported on the Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 8,375,074.63</u>	<u>\$ 311,676.00</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (Budgetary Basis) total outflows from the Budgetary Comparison Schedule	\$ 8,286,817.96	\$ 272,649.00
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are recorded in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Encumbrances		
June 30, 2016	-	39,027.00
June 30, 2017	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u>\$ 8,286,817.96</u>	<u>\$ 311,676.00</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of Net Pension Liability**  
**Public Employees' Retirement System (PERS)**  
**Last Four Fiscal Years**

	2016	Measurement Date Ending June 30,		2013
		2015	2014	
School District's Proportion of the Net Pension Liability	0.0061002782%	0.0058163487%	0.0065904848%	0.0064038896%
School District's Proportionate Share of the Net Pension Liability	\$ 1,806,727.00	\$ 1,305,653.73	\$ 1,233,919.00	\$ 1,223,910.54
School District's Covered Employee Payroll	\$ 920,341.59	\$ 816,194.67	\$ 679,953.52	\$ 843,874.06
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	196.31%	159.97%	181.47%	145.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.13%	47.93%	52.08%	48.72%

Note - This schedule is presented to illustrate the requirement for 10 years.  
However, until a full 10-year trend is compiled, this presentation will only include information  
for those years for which information is available.



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of School District's Contributions**  
**Public Employees' Retirement System (PERS)**  
**Last Four Fiscal Years**

	Measurement Date Ending June 30,			
	2016	2015	2014	2013
Contractually Required Contribution	\$ 51,618.00	\$ 50,005.00	\$ 54,334.00	\$ 48,252.00
Contributions in Relation to Contractually Required Contribution	<u>51,618.00</u>	<u>50,005.00</u>	<u>54,334.00</u>	<u>48,252.00</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Employee Payroll	\$ 920,341.59	\$ 816,194.67	\$ 679,953.52	\$ 843,874.06
Contributions as a Percentage of Covered Employee Payroll	5.61%	6.13%	7.99%	5.72%

Note - This schedule is presented to illustrate the requirement for 10 years.  
However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of School District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund (TPAF)**  
**Last Four Fiscal Years**

	2016	Measurement Date Ending June 30,		2013
		2015	2014	
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate of the Net Pension Liability Associated with the School District	<u>19,621,951.00</u>	<u>14,355,143.00</u>	<u>12,857,003.00</u>	<u>12,054,695.00</u>
	<u>\$ 19,621,951.00</u>	<u>\$ 14,355,143.00</u>	<u>\$ 12,857,003.00</u>	<u>\$ 12,054,695.00</u>
School District's Covered Employee Payroll	\$ 2,734,491.83	\$ 2,585,071.47	\$ 2,585,071.47	\$ 2,271,486.37
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

Note - This schedule is presented to illustrate the requirement for 10 years.  
However, until a full 10-year trend is compiled, this presentation will only include information  
for those years for which information is available.

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL BASED BUDGET SCHEDULES**

**SPECIAL REVENUE FUND**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures**  
**Budgetary Basis**  
**For The Fiscal Year Ended June 30, 2017**

	Federal	State	Other	Total
<b>REVENUES</b>				
Federal Sources	\$ 220,849.00	\$ -	\$ -	\$ 220,849.00
State Sources		51,800.00		51,800.00
<b>Total Revenues</b>	<b>\$ 220,849.00</b>	<b>\$ 51,800.00</b>	<b>\$ -</b>	<b>\$ 272,649.00</b>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Salaries of Teachers	\$ 58,130.00	\$ 47,743.00		\$ 105,873.00
Other Salaries for Instruction		4,057.00		4,057.00
Tuition	95,794.00			95,794.00
Supplies and Materials	36,402.00			36,402.00
<b>Total Instruction</b>	<b>190,326.00</b>	<b>51,800.00</b>	<b>-</b>	<b>242,126.00</b>
<b>Support Services</b>				
Other Salaries	-	-		
Personal Services - Employee Benefits	15,114.00	-		15,114.00
Purchased Professional Services	2,508.00	-		2,508.00
Other Purchased Services	12,901.00	-		12,901.00
Travel				
<b>Total Support Services</b>	<b>30,523.00</b>	<b>-</b>	<b>-</b>	<b>30,523.00</b>
<b>Facilities Acquisition</b>				
Instructional Equipment				
<b>Total Facilities Acquisition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 220,849.00</b>	<b>\$ 51,800.00</b>	<b>\$ -</b>	<b>\$ 272,649.00</b>

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Special Revenue Fund  
 FEDERAL AND STATE  
 Combining Schedule of Program Revenues and Expenditures  
 Budgetary Basis  
 For The Fiscal Year Ended June 30, 2017

	Rural Education Achievement	Preschool Education Aid	I.D.E.A. Part B		No Child Left Behind		Totals
			Basic	Preschool	Title I	Title II Part A	
<b>REVENUES</b>							
Federal Sources	\$ 31,827.00	\$ -	\$ 95,794.00	\$ 4,575.00	\$ 76,252.00	\$ 12,401.00	\$ 220,849.00
State Sources		51,800.00					51,800.00
<b>Total Revenues</b>	<b>\$ 31,827.00</b>	<b>\$ 51,800.00</b>	<b>\$ 95,794.00</b>	<b>\$ 4,575.00</b>	<b>\$ 76,252.00</b>	<b>\$ 12,401.00</b>	<b>\$ 272,649.00</b>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers		47,743.00			58,130.00		105,873.00
Other Salaries for Instruction		4,057.00					4,057.00
Tuition			95,794.00				95,794.00
Supplies and Materials	31,827.00			4,575.00			36,402.00
<b>Total Instruction</b>	<b>31,827.00</b>	<b>51,800.00</b>	<b>95,794.00</b>	<b>4,575.00</b>	<b>58,130.00</b>	<b>-</b>	<b>242,126.00</b>
Support Services							
Other Salaries							-
Personal Services - Employee Benefits					15,114.00		15,114.00
Purchased Professional Services					2,508.00		2,508.00
Other Purchased Services					500.00	12,401.00	12,901.00
Travel							-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,122.00</b>	<b>12,401.00</b>	<b>30,523.00</b>
Facilities Acquisition							
Instructional Equipment							-
<b>Total Facilities Acquisition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 31,827.00</b>	<b>\$ 51,800.00</b>	<b>\$ 95,794.00</b>	<b>\$ 4,575.00</b>	<b>\$ 76,252.00</b>	<b>\$ 12,401.00</b>	<b>\$ 272,649.00</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid Expenditures**  
**Combining Schedule of Program Revenues and Expenditures**  
**Preschool - All Programs**  
**For The Fiscal Year Ended June 30, 2017**

	Budget	Actual	Variance
EXPENDITURES			
Instruction			
Salaries of Teachers	\$ 47,743.00	\$ 47,743.00	\$ -
Other Salaries for Instruction	4,057.00	4,057.00	-
Total Instruction	51,800.00	51,800.00	-
Support Services			
Personal Services - Employee Benefits	-	-	-
Total Support Services	-	-	-
Facilities Acquisition			
Instructional Equipment	-	-	-
Total Facilities Acquisition	-	-	-
Total Expenditures	\$ 51,800.00	\$ 51,800.00	\$ -

Total 2016-2017 Preschool Aid Allocation	\$ 51,800.00
Add: Actual Preschool Aid Carryover June 30, 2016	-
Add: Budget Transfer from General Fund	-
Total Funds Available for 2016-2017 Budget	51,800.00
Less: 2016-2017 Budgeted Preschool	(51,800.00)
Available and Unbudgeted Funds as of June 30, 2017	-
Add: June 30, 2017 Unexpended Preschool Aid	-
June 30, 2017 Actual Carryover - Preschool Aid	\$ -
2016-2017 Preschool Aid Carryover Budgeted in 2017-2018	\$ -



**CAPITAL PROJECTS FUND**

**PROPRIETARY FUNDS**

**ENTERPRISE FUND**

BOROUGH OF FOLSOM SCHOOL DISTRICT  
Enterprise Funds  
Combining Statement of Net Position  
June 30, 2017

	<u>Food Service</u>	<u>Community Program</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 42,925.40	\$ 35,247.07	\$ 78,172.47
Accounts Receivable			
State of New Jersey	97.15		97.15
Federal Government	4,554.95		4,554.95
Inventories	2,274.40		2,274.40
Total Current Assets	<u>49,851.90</u>	<u>35,247.07</u>	<u>85,098.97</u>
Noncurrent Assets			
Equipment	128,299.99		128,299.99
Less: Accumulated Depreciation	31,953.75		31,953.75
Total Noncurrent Assets	<u>96,346.24</u>	<u>-</u>	<u>96,346.24</u>
Total Assets	<u>146,198.14</u>	<u>35,247.07</u>	<u>181,445.21</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	1,193.00		1,193.00
Interfunds Payable	18,159.06		18,159.06
Total Current Liabilities	<u>19,352.06</u>	<u>-</u>	<u>19,352.06</u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	96,346.24		96,346.24
Unrestricted	30,499.84	35,247.07	65,746.91
Total Net Position	<u>\$ 126,846.08</u>	<u>\$ 35,247.07</u>	<u>\$ 162,093.15</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For The Fiscal Year Ended June 30, 2017**

	<u>Food Service</u>	<u>Community Program</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges For Services			
Daily Sales			
Reimbursable Programs	\$ 55,355.70	\$ -	\$ 55,355.70
Non-Reimbursable Programs	31,463.44		31,463.44
Community Programs		80,482.29	80,482.29
Total Operating Revenue	<u>86,819.14</u>	<u>80,482.29</u>	<u>167,301.43</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales	75,344.86		75,344.86
Salaries	69,878.85		69,878.85
Employee Benefits	21,151.93		21,151.93
Other Purchased Services		45,994.12	45,994.12
General Supplies	362.65	11,698.16	12,060.81
Depreciation	3,109.50		3,109.50
Other	13,949.39		13,949.39
Total Operating Expenses	<u>183,797.18</u>	<u>57,692.28</u>	<u>241,489.46</u>
Operating Income (Loss)	<u>(96,978.04)</u>	<u>22,790.01</u>	<u>(74,188.03)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Sources			
State School Lunch and Breakfast Program	1,394.38		1,394.38
Federal Sources			
National School Lunch and Breakfast Program	72,350.28		72,350.28
Food Distribution Program	8,590.60		8,590.60
Interest on Investments	155.22		155.22
Total Nonoperating Revenues (Expenses)	<u>82,490.48</u>	<u>-</u>	<u>82,490.48</u>
Income (Loss) Before Contributions and Transfers	<u>(14,487.56)</u>	<u>22,790.01</u>	<u>8,302.45</u>
Capital Contributions			-
Transfers In/(Out)			-
Change in Net Position	<u>(14,487.56)</u>	<u>22,790.01</u>	<u>8,302.45</u>
Net Position, July 1	<u>141,333.64</u>	<u>12,457.06</u>	<u>153,790.70</u>
Net Position, June 30	<u>\$ 126,846.08</u>	<u>\$ 35,247.07</u>	<u>\$ 162,093.15</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For The Fiscal Year Ended June 30, 2017**

	<u>Food Service</u>	<u>Community Program</u>	<u>Totals</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts From Customers and Other Funds	\$ 86,819.14	\$ 80,482.29	\$ 167,301.43
Payments for Labor Costs	(91,030.78)		(91,030.78)
Payments to Suppliers	(91,198.56)	(57,692.28)	(148,890.84)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>(95,410.20)</u>	<u>22,790.01</u>	<u>(72,620.19)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	1,374.53		1,374.53
Federal Sources	80,119.33		80,119.33
Operating Subsidies and Transfers	8,097.14		8,097.14
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<u>89,591.00</u>	<u>-</u>	<u>89,591.00</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets			-
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	155.22		155.22
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>155.22</u>	<u>-</u>	<u>155.22</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(5,663.98)	22,790.01	17,126.03
Cash and Cash Equivalents, July 1	48,589.38	12,457.06	61,046.44
Cash and Cash Equivalents, June 30	<u>\$ 42,925.40</u>	<u>\$ 35,247.07</u>	<u>\$ 78,172.47</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities**

Operating Income (Loss)	\$ (96,978.04)	\$ 22,790.01	\$ (74,188.03)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Depreciation	3,109.50		3,109.50
(Increase) Decrease			
Accounts Receivable			
Inventories	(251.03)		(251.03)
Other Current Assets			
Increase (Decrease)			
Accounts Payable	(1,290.63)		(1,290.63)
Accrued Expenses			
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>\$ (95,410.20)</u>	<u>\$ 22,790.01</u>	<u>\$ (72,620.19)</u>

**INTERNAL SERVICE FUND**

**FIDUCIARY FUNDS**



BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2017

	Unemployment Compensation Trust	Student Activity	Agency Payroll	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,711.31	\$ 23,055.44	\$ -	\$ 23,055.44
Total Assets	<u>12,711.31</u>	<u>23,055.44</u>	<u>-</u>	<u>23,055.44</u>
<b>LIABILITIES</b>				
Due to Student Groups		23,055.44		23,055.44
Total Liabilities	<u>-</u>	<u>23,055.44</u>	<u>-</u>	<u>23,055.44</u>
<b>NET POSITION</b>				
Held in Trust	<u>12,711.31</u>			
Total Net Position	<u>\$ 12,711.31</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT  
Fiduciary Funds  
Combining Statement of Changes in Fiduciary Net Assets  
For The Fiscal Year Ended June 30, 2017

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	\$ 12,171.52
Board Contributions	
Total Contributions	<u>12,171.52</u>
Investment Earnings	
Interest	<u>35.80</u>
Total Investment Earnings	<u>35.80</u>
Total Additions	<u>12,207.32</u>
DEDUCTIONS	
Quarterly Contribution Report	8,209.22
Unemployment Claims	
Total Deductions	<u>8,209.22</u>
Change in Net Assets	3,998.10
Net Assets, July 1	<u>8,713.21</u>
Net Assets, June 30	<u><u>\$ 12,711.31</u></u>

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Student Activity Funds  
 Schedule of Receipts and Disbursements  
 For The Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Elementary School	<u>\$ 28,815.73</u>	<u>\$ 48,044.55</u>	<u>\$ 53,804.84</u>	<u>\$ 23,055.44</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For The Fiscal Year Ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
ASSETS				
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 4,939,617.63</u>	<u>\$ 4,939,617.63</u>	<u>\$ -</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 4,939,617.63</u></u>	<u><u>\$ 4,939,617.63</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Net Payroll	<u>\$ -</u>	<u>\$ 2,175,033.41</u>	<u>\$ 2,175,033.41</u>	<u>\$ -</u>
Payroll Deductions and Withholding		<u>2,764,584.22</u>	<u>2,764,584.22</u>	
Total Liabilities	<u><u>\$ -</u></u>	<u><u>\$ 4,939,617.63</u></u>	<u><u>\$ 4,939,617.63</u></u>	<u><u>\$ -</u></u>

**LONG-TERM DEBT**

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Long-Term Debt  
 Schedule of Bonds Payable  
 For The Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
Refunding Bonds School Additions	4/15/2014	\$ 2,016,000.00	4/15/2018	\$ 180,000.00	4.000%	\$ 1,495,000.00	\$ -	\$ 170,000.00	\$ 1,325,000.00
			4/15/2019	180,000.00	3.000%				
			4/15/2020	185,000.00	3.000%				
			4/15/2021	185,000.00	4.000%				
			4/15/2022	190,000.00	4.000%				
			4/15/2023	200,000.00	4.000%				
			4/15/2024	205,000.00	4.000%				
						<u>\$ 1,495,000.00</u>	<u>\$ -</u>	<u>\$ 170,000.00</u>	<u>\$ 1,325,000.00</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT  
 Debt Service Fund  
 Budgetary Comparison Schedule  
 For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 226,150.00	\$ -	\$ 226,150.00	\$ 226,150.00	\$ -
Interest on Investments					
<b>Total Local Sources</b>	<u>226,150.00</u>	<u>-</u>	<u>226,150.00</u>	<u>226,150.00</u>	<u>-</u>
State Sources					
Debt Service Aid Type I					
Debt Service Aid Type II					
<b>Total State Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>226,150.00</u>	<u>-</u>	<u>226,150.00</u>	<u>226,150.00</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest	56,150.00	-	56,150.00	56,150.00	
Redemption of Principal	170,000.00	-	170,000.00	170,000.00	
<b>Total Expenditures</b>	<u>226,150.00</u>	<u>-</u>	<u>226,150.00</u>	<u>226,150.00</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources</b>					
Proceeds of Refunding Bonds					
Deposit to Refunding Fund					
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1	10,295.54		10,295.54	10,295.54	
<b>Fund Balance, June 30</b>	<u>10,295.54</u>	<u>-</u>	<u>10,295.54</u>	<u>10,295.54</u>	<u>-</u>

**STATISTICAL SECTION**



# BOROUGH OF FOLSOM SCHOOL DISTRICT

## Statistical Section Introduction to the Statistical Section

### Financial Trends

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

### Revenue Capacity

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

### Debt Capacity

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

### Demographic and Economic Information

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

### Operating Information

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

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

**FINANCIAL TRENDS**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Net Position By Component**

Source: CAFR A-1

Exhibit J-1

Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
<b>Governmental Activities</b>										
Invested in Capital Assets, net of debt	\$ 6,461,017.44	\$ 6,307,354.31	\$ 6,256,418.73	\$ 6,100,073.43	\$ 6,235,525.29	\$ 5,775,867.04	\$ 5,816,175.57	\$ 5,238,265.93	\$ 5,238,265.93	\$ 4,983,864.68
Restricted	3,275,036.04	3,151,649.37	2,908,823.39	3,312,451.14	2,760,779.01	2,504,918.32	1,907,814.78	890,770.61	736,670.24	437,932.83
Unrestricted	(1,796,734.88)	(1,657,047.32)	(1,335,935.40)	(392,690.11)	(428,133.28)	(370,853.05)	(445,470.89)	783,045.80	714,596.67	491,060.92
<b>Total</b>	<b>\$ 7,939,318.60</b>	<b>\$ 7,801,956.36</b>	<b>\$ 7,829,306.72</b>	<b>\$ 9,019,834.46</b>	<b>\$ 8,568,171.02</b>	<b>\$ 7,909,932.31</b>	<b>\$ 7,278,519.46</b>	<b>\$ 6,912,082.34</b>	<b>\$ 6,689,532.84</b>	<b>\$ 5,912,858.43</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, net of debt	\$ 96,346.24	\$ 99,455.74	\$ 102,734.75	\$ 105,674.74	\$ 108,784.24	\$ 111,893.74	\$ 111,406.25	\$ 114,218.75	\$ 117,031.25	\$ 119,843.75
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	65,746.91	54,334.96	54,158.97	62,243.44	78,168.42	81,018.45	80,519.35	46,051.77	30,693.51	14,248.07
<b>Total</b>	<b>\$ 162,093.15</b>	<b>\$ 153,790.70</b>	<b>\$ 156,893.72</b>	<b>\$ 167,918.18</b>	<b>\$ 186,952.66</b>	<b>\$ 192,912.19</b>	<b>\$ 191,925.60</b>	<b>\$ 160,270.52</b>	<b>\$ 147,724.76</b>	<b>\$ 134,091.82</b>
<b>District-Wide</b>										
Invested in Capital Assets, net of debt	\$ 6,557,363.68	\$ 6,406,810.05	\$ 6,359,153.48	\$ 6,205,748.17	\$ 6,344,309.53	\$ 5,887,760.78	\$ 5,927,581.82	\$ 5,352,484.68	\$ 5,355,297.18	\$ 5,103,708.43
Restricted	3,275,036.04	3,151,649.37	2,908,823.39	3,312,451.14	2,760,779.01	2,504,918.32	1,907,814.78	890,770.61	736,670.24	437,932.83
Unrestricted	(1,730,987.97)	(1,602,712.36)	(1,281,776.43)	(330,446.67)	(349,964.86)	(289,834.60)	(364,951.54)	829,097.57	745,290.18	505,308.99
<b>Total</b>	<b>\$ 8,101,411.75</b>	<b>\$ 7,955,747.06</b>	<b>\$ 7,986,200.44</b>	<b>\$ 9,187,752.64</b>	<b>\$ 8,755,123.68</b>	<b>\$ 8,102,844.50</b>	<b>\$ 7,470,445.06</b>	<b>\$ 7,072,352.86</b>	<b>\$ 6,837,257.60</b>	<b>\$ 6,046,950.25</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Changes in Position**  
*Source: CAFR A-2*

**Exhibit J-2**  
**Unaudited**

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 3,977,264.98	\$ 3,430,488.12	\$ 3,192,427.59	\$ 2,697,071.17	\$ 2,887,693.70	\$ 2,689,575.51	\$ 2,458,408.59	\$ 2,314,655.34	\$ 2,242,097.32	\$ 1,843,097.26
Special Education	1,046,805.84	816,046.53	699,065.18	574,286.50	509,739.78	414,240.49	411,681.51	380,943.35	356,933.26	339,074.43
School Activities	38,324.46	41,027.77	43,390.91	39,222.57	28,011.18	32,186.39	27,508.29	20,782.49	18,730.74	109,712.61
Other Special	235,425.00	139,244.60	153,733.70	93,449.40	31,716.05	39,205.00	31,570.02	28,550.24	7,800.00	
Support Services										
Tuition	1,460,487.93	1,391,047.81	1,618,984.72	1,506,640.20	1,290,738.60	1,586,429.31	1,560,743.72	1,208,793.86	1,124,987.88	1,351,281.32
Student and Instruction	1,431,747.99	1,380,153.29	1,136,298.84	970,186.01	840,211.34	811,892.79	874,874.03	774,867.00	697,893.73	768,398.69
General Administration	266,115.38	189,373.39	201,586.28	159,161.67	171,411.41	163,628.48	158,954.61	152,364.73	167,770.71	139,768.11
School Administrative	313,169.04	323,996.63	201,074.14	210,277.36	231,112.97	237,399.09	196,148.04	168,913.68	153,646.57	155,521.93
Central Services	160,400.09	156,658.94	132,942.15	119,700.13	134,798.41	126,075.60	118,930.94	127,542.64	114,536.47	131,970.54
Information Technology									42,427.50	
Operations-Maintenance	448,797.85	464,676.13	528,336.91	412,567.10	385,899.11	383,703.88	426,050.01	387,420.92	383,554.10	504,762.96
Pupil Transportation	520,096.89	551,765.81	512,263.06	489,380.54	417,279.96	356,345.67	342,362.73	496,899.30	498,002.27	571,029.52
Capital Outlay	47,840.79	44,325.00	44,325.00	44,325.00	28,746.00	20,946.00	36,017.96			
Interest on Long-Term Debt	47,617.63	53,071.80	57,934.30	100,781.50	91,457.51	97,457.50	101,974.16	109,907.50	114,024.17	118,907.50
Unallocated Depreciation	255,761.52	274,209.42	271,879.06	264,646.62	246,670.84	241,327.68	226,859.08	211,555.72	192,039.26	
	<u>10,249,855.39</u>	<u>9,256,085.24</u>	<u>8,794,241.84</u>	<u>7,681,695.77</u>	<u>7,295,486.86</u>	<u>7,200,413.39</u>	<u>6,972,083.69</u>	<u>6,383,196.77</u>	<u>6,114,443.98</u>	<u>6,033,524.87</u>
<b>Business-Type Activities</b>										
Proprietary Fund	<u>241,489.46</u>	<u>207,504.89</u>	<u>212,943.88</u>	<u>217,970.73</u>	<u>191,219.53</u>	<u>189,879.21</u>	<u>157,636.59</u>	<u>182,552.64</u>	<u>172,887.56</u>	<u>162,081.49</u>
	<u>241,489.46</u>	<u>207,504.89</u>	<u>212,943.88</u>	<u>217,970.73</u>	<u>191,219.53</u>	<u>189,879.21</u>	<u>157,636.59</u>	<u>182,552.64</u>	<u>172,887.56</u>	<u>162,081.49</u>
<b>Total Expenses</b>	<u>\$ 10,491,344.85</u>	<u>\$ 9,463,590.13</u>	<u>\$ 9,007,185.72</u>	<u>\$ 7,899,666.50</u>	<u>\$ 7,486,706.39</u>	<u>\$ 7,390,292.60</u>	<u>\$ 7,129,720.28</u>	<u>\$ 6,565,749.41</u>	<u>\$ 6,287,331.54</u>	<u>\$ 6,195,606.36</u>

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

**Exhibit J-2**  
**Unaudited**

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges For Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,300.00
Grants and Contributions	2,682,627.88	2,126,169.40	1,716,170.92	1,067,981.87	1,166,539.80	1,018,789.91	985,692.98	1,230,664.18	736,065.05	458,184.70
	<u>2,682,627.88</u>	<u>2,126,169.40</u>	<u>1,716,170.92</u>	<u>1,067,981.87</u>	<u>1,166,539.80</u>	<u>1,018,789.91</u>	<u>985,692.98</u>	<u>1,230,664.18</u>	<u>736,065.05</u>	<u>505,484.70</u>
<b>Business-Type Activities</b>										
Charges For Services	167,301.43	115,184.55	97,562.26	88,944.17	84,981.19	93,553.92	106,517.58	100,032.23	100,549.78	87,770.91
Grants and Contributions	82,335.26	89,009.14	104,331.21	109,973.91	100,250.43	97,290.43	82,767.77	95,058.59	85,928.67	70,138.51
	<u>249,636.69</u>	<u>204,193.69</u>	<u>201,893.47</u>	<u>198,918.08</u>	<u>185,231.62</u>	<u>190,844.35</u>	<u>189,285.35</u>	<u>195,090.82</u>	<u>186,478.45</u>	<u>157,909.42</u>
<b>Total Program Revenues</b>	<u>\$ 2,932,264.57</u>	<u>\$ 2,330,363.09</u>	<u>\$ 1,918,064.39</u>	<u>\$ 1,266,899.95</u>	<u>\$ 1,351,771.42</u>	<u>\$ 1,209,634.26</u>	<u>\$ 1,174,978.33</u>	<u>\$ 1,425,755.00</u>	<u>\$ 922,543.50</u>	<u>\$ 663,394.12</u>
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (7,567,227.51)	\$ (7,129,915.84)	\$ (7,078,070.92)	\$ (6,613,713.90)	\$ (6,128,947.06)	\$ (6,181,623.48)	\$ (5,986,390.71)	\$ (5,152,532.59)	\$ (5,378,378.93)	\$ (5,528,040.17)
Business-Type Activities	8,147.23	(3,311.20)	(11,050.41)	(19,052.65)	(5,987.91)	965.14	31,648.76	12,538.18	13,590.89	(4,172.07)
<b>Total District-Wide Net Expense</b>	<u>\$ (7,559,080.28)</u>	<u>\$ (7,133,227.04)</u>	<u>\$ (7,089,121.33)</u>	<u>\$ (6,632,766.55)</u>	<u>\$ (6,134,934.97)</u>	<u>\$ (6,180,658.34)</u>	<u>\$ (5,954,741.95)</u>	<u>\$ (5,139,994.41)</u>	<u>\$ (5,364,788.04)</u>	<u>\$ (5,532,212.24)</u>

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

**Exhibit J-2**  
**Unaudited**

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
<b>General Revenues</b>										
Governmental Activities										
Local Tax Levy	\$ 1,842,888.00	\$ 1,816,288.00	\$ 1,780,009.00	\$ 1,800,667.00	\$ 1,766,197.00	\$ 1,742,324.00	\$ 1,606,663.84	\$ 1,653,118.00	\$ 1,653,118.00	\$ 1,647,919.00
Unrestricted Grants	5,478,051.76	5,267,097.00	5,276,061.00	5,227,392.99	5,014,779.67	5,059,333.50	4,690,444.00	4,466,992.71	4,466,992.71	3,933,345.75
Investment Earnings	10,576.58	10,190.48	757.48	639.58	1,007.36	554.22	254.43	5,046.96	5,046.96	24,768.82
Miscellaneous Income	373,073.41	8,989.99	268.69	36,677.78	5,201.73	10,825.21	53,200.00	29,895.67	29,895.67	18,760.62
Transfers							2,264.95			
	<u>7,704,589.75</u>	<u>7,102,565.47</u>	<u>7,057,096.17</u>	<u>7,065,377.35</u>	<u>6,787,185.76</u>	<u>6,813,036.93</u>	<u>6,352,827.22</u>	<u>6,155,053.34</u>	<u>6,155,053.34</u>	<u>5,624,794.19</u>
Business-Type Activities										
Investment Earnings	155.22	208.18	25.95	18.17	28.38	21.45	6.32	42.05	42.05	374.54
Transfers										
	<u>155.22</u>	<u>208.18</u>	<u>25.95</u>	<u>18.17</u>	<u>28.38</u>	<u>21.45</u>	<u>6.32</u>	<u>42.05</u>	<u>42.05</u>	<u>374.54</u>
<b>Total General Revenues</b>	<u>\$ 7,704,744.97</u>	<u>\$ 7,102,773.65</u>	<u>\$ 7,057,122.12</u>	<u>\$ 7,065,395.52</u>	<u>\$ 6,787,214.14</u>	<u>\$ 6,813,058.38</u>	<u>\$ 6,352,833.54</u>	<u>\$ 6,155,095.39</u>	<u>\$ 6,155,095.39</u>	<u>\$ 5,625,168.73</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 137,362.24	\$ (27,350.37)	\$ (20,974.75)	\$ 451,663.45	\$ 658,238.70	\$ 631,413.45	\$ 366,436.51	\$ 1,002,520.75	\$ 776,674.41	\$ 96,754.02
Business-Type Activities	8,302.45	(3,103.02)	(11,024.46)	(19,034.48)	(5,959.53)	986.59	31,655.08	12,580.23	13,632.94	(3,797.53)
<b>Total</b>	<u>\$ 145,664.69</u>	<u>\$ (30,453.39)</u>	<u>\$ (31,999.21)</u>	<u>\$ 432,628.97</u>	<u>\$ 652,279.17</u>	<u>\$ 632,400.04</u>	<u>\$ 398,091.59</u>	<u>\$ 1,015,100.98</u>	<u>\$ 790,307.35</u>	<u>\$ 92,956.49</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds**

Source: CAFR B-2

Exhibit J-4  
 Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
<b>Revenues</b>										
Local Tax Levy	\$ 1,842,888.00	\$ 1,816,288.00	\$ 1,780,009.00	\$ 1,800,667.00	\$ 1,766,197.00	\$ 1,742,324.00	\$ 1,708,638.00	\$ 1,657,919.00	\$ 1,653,118.00	\$ 1,647,919.00
Tuition-Transportation	98,028.24						53,200.00	59,511.06	25,000.00	
Interest Earned	10,576.58	10,190.48	757.48	639.58	1,007.36	554.22	254.43	551.06	5,046.96	24,768.84
Miscellaneous	275,045.17	8,989.99	268.69	36,677.78	5,201.73	10,825.21	2,264.95	7,021.97	4,895.67	66,060.62
Federal Sources	259,876.00	192,146.00	225,368.95	219,306.15	220,967.00	399,226.00	237,771.17	1,105,195.66	248,348.05	204,460.70
State Sources	6,426,486.64	6,309,480.40	6,197,823.97	6,076,068.71	5,960,352.47	5,678,897.41	5,336,391.65	3,775,517.52	4,954,709.71	4,187,069.75
<b>Total Revenues</b>	<b>8,912,900.63</b>	<b>8,337,094.87</b>	<b>8,204,228.09</b>	<b>8,133,359.22</b>	<b>7,953,725.56</b>	<b>7,831,826.84</b>	<b>7,338,520.20</b>	<b>6,605,716.27</b>	<b>6,891,118.39</b>	<b>6,130,278.91</b>
<b>Expenditures</b>										
Instruction										
Regular	2,016,312.76	1,998,513.62	2,060,927.10	2,025,007.48	2,087,148.72	1,977,795.60	1,840,956.38	1,809,189.43	1,693,931.00	1,471,818.54
Special Education	531,380.49	472,681.74	452,302.94	423,186.00	373,668.60	300,936.20	308,541.20	297,006.52	273,158.35	270,770.32
School Activities	38,324.46	41,027.77	43,390.91	39,222.57	28,011.18	32,186.39	27,508.29	20,782.49	18,730.74	87,611.79
Other	235,425.00	139,244.60	153,733.70	93,449.40	31,716.05	39,205.00	31,570.02	28,550.24	7,800.00	
Support Services										
Tuition	1,460,487.93	1,391,047.81	1,618,984.72	1,506,640.20	1,290,738.60	1,586,429.31	1,560,743.72	1,208,793.86	1,124,987.88	1,079,075.39
Student Instruction	726,785.16	799,431.45	735,197.98	714,920.40	615,923.28	589,821.47	655,688.15	604,133.27	534,092.84	613,610.29
General	135,085.72	109,691.47	130,428.56	117,284.65	125,654.43	118,872.33	119,131.04	118,792.78	128,393.67	111,612.83
School	158,971.14	187,669.80	130,097.20	154,951.29	169,419.11	172,464.99	147,006.24	131,695.34	117,584.57	124,193.15
Central Services	160,400.09	156,658.94	132,942.15	119,700.13	134,798.41	126,075.60	118,930.94	127,542.64	156,963.97	105,386.02
Facilities	448,797.85	464,676.13	528,336.91	412,567.10	385,899.11	383,703.88	426,050.01	387,420.92	383,554.10	403,082.08
Transportation	520,096.89	551,765.81	512,263.06	489,380.54	417,279.96	356,345.67	342,362.73	496,899.30	498,002.27	455,999.72
Benefits	1,879,161.03	1,630,746.75	1,330,682.65	1,226,607.43	1,227,843.92	1,189,717.78	1,026,693.33	836,754.75	842,526.39	1,037,997.78
Debt Service	226,150.00	231,250.00	226,050.00	276,567.49	242,707.51	248,707.50	244,307.50	249,907.50	245,107.50	239,907.50
Capital Outlay	287,265.44	199,470.00	242,877.96	417,497.42	229,259.56	71,965.15	536,126.78	236,215.62	316,440.51	77,305.90
<b>Total Expenditures</b>	<b>8,824,643.96</b>	<b>8,373,875.89</b>	<b>8,298,215.84</b>	<b>8,016,962.10</b>	<b>7,360,068.44</b>	<b>7,194,226.87</b>	<b>7,385,616.33</b>	<b>6,553,684.66</b>	<b>6,341,273.79</b>	<b>6,078,371.31</b>
Revenues Over (Under) Expenditures	88,256.67	(36,781.02)	(93,987.75)	116,377.12	593,657.12	637,599.97	(47,096.13)	52,031.61	549,844.60	51,907.60
Other Financing Transfers (In) Out	-	-	-	40,153.75	-	-	-	-	-	-
<b>Net Change</b>	<b>\$ 88,256.67</b>	<b>\$ (36,781.02)</b>	<b>\$ (93,987.75)</b>	<b>\$ 156,530.87</b>	<b>\$ 593,657.12</b>	<b>\$ 637,599.97</b>	<b>\$ (47,096.13)</b>	<b>\$ 52,031.61</b>	<b>\$ 549,844.60</b>	<b>\$ 51,907.60</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**General Fund - Other Local Revenue By Source**  
*Source: District Records*

Exhibit J-5  
*Unaudited*

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Miscellaneous	\$ 45.17	\$ 8,989.99	\$ 268.69	\$ 36,677.78	\$ 5,201.73	\$ 10,825.21	\$ 2,264.95	\$ 7,021.97	\$ 4,895.67	\$ 66,060.62
Contract Settlement	275,000.00									
	<u>\$ 275,045.17</u>	<u>\$ 8,989.99</u>	<u>\$ 268.69</u>	<u>\$ 36,677.78</u>	<u>\$ 5,201.73</u>	<u>\$ 10,825.21</u>	<u>\$ 2,264.95</u>	<u>\$ 7,021.97</u>	<u>\$ 4,895.67</u>	<u>\$ 66,060.62</u>



## REVENUE CAPACITY

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property**  
*Source: Municipal Tax Assessor*

Exhibit J-6  
*Unaudited*

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Vacant Land</u>	<u>Improvements</u>	<u>Total Taxable</u> <u>Value of Land</u> <u>&amp; Improvements</u>	<u>Total Partial</u> <u>Exemptions &amp;</u> <u>Abatements</u>	<u>Net Total Taxable</u> <u>Value of Land</u> <u>&amp; Improvements</u>	<u>Taxable Value of</u> <u>Locally Assessed</u> <u>Personal Property</u>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>Estimated Actual</u> <u>County Equalized</u> <u>Value</u>	<u>Total District</u> <u>School Tax Rate</u>
2007	25,648,500	77,709,600	103,358,100		103,358,100	385,373	103,743,473	170,266,655	1.589
2008	25,645,700	78,015,700	103,661,400		103,661,400	363,645	104,025,045	189,170,840	1.589
2009	25,645,500	79,412,300	105,057,800		105,057,800	369,512	105,427,312	202,588,993	1.573
2010	25,638,300	80,214,500	105,852,800		105,852,800	354,702	106,207,502	208,168,369	1.609
2011	25,541,300	79,829,000	105,370,300		105,370,300	327,372	105,697,672	189,123,370	1.648
2012	25,459,800	80,076,709	105,536,509		105,536,509	343,266	105,879,775	190,260,153	1.668
2013	25,547,200	80,585,309	106,132,509		106,132,509	339,674	106,472,183	181,909,830	1.691
2014	25,539,890	82,207,309	107,747,199		107,747,199	249,452	107,996,651	184,665,229	1.649
2015	24,962,390	83,196,509	108,158,899		108,158,899	290,014	108,448,913	169,922,595	1.675
2016	24,973,990	82,565,909	107,539,899		107,539,899		107,539,899	172,782,614	1.713

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Fund Balances - Governmental Funds**

Source: CAFR B-1

Exhibit J-3

Unaudited

	Fiscal Year Ended									
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
General Fund										
Restricted	\$ 3,059,925.89	\$ 2,983,959.86	\$ 3,160,062.87	\$ 3,072,275.87	\$ 2,907,014.17	\$ 2,420,183.65	\$ 1,713,264.23	\$ -	\$ -	\$ -
Committed										
Assigned	204,814.61	157,393.97	38,464.98	229,879.73	229,069.82	84,733.88	194,548.66			
Unassigned	(311,366.00)	(276,236.00)	(296,629.00)	(306,269.00)	(286,434.00)	(248,924.17)	(289,420.00)			
Reserved								1,974,589.52	1,852,846.41	976,855.12
Unreserved								(309,101.00)	(239,419.00)	86,727.19
<b>Total General Fund</b>	<b>\$ 2,953,374.50</b>	<b>\$ 2,865,117.83</b>	<b>\$ 2,901,898.85</b>	<b>\$ 2,995,886.60</b>	<b>\$ 2,849,649.99</b>	<b>\$ 2,255,993.36</b>	<b>\$ 1,618,392.89</b>	<b>\$ 1,665,488.52</b>	<b>\$ 1,613,427.41</b>	<b>\$ 1,063,582.31</b>
All Other Governmental Funds										
Restricted	\$ 10,295.54	\$ 10,295.54	\$ 10,295.54	\$ 10,295.54	\$ 1.28	\$ 0.79	\$ -	\$ -	\$ -	\$ -
Committed										
Assigned										
Unassigned										
Reserved										
Unreserved, Reported in										
Special Revenue Fund										
Capital Projects Fund										
Debt Service Fund							1.29	1.29	1.29	1.79
Permanent Fund										
<b>Total All Other Governmental Funds</b>	<b>\$ 10,295.54</b>	<b>\$ 10,295.54</b>	<b>\$ 10,295.54</b>	<b>\$ 10,295.54</b>	<b>\$ 1.28</b>	<b>\$ 0.79</b>	<b>\$ 1.29</b>	<b>\$ 1.29</b>	<b>\$ 1.29</b>	<b>\$ 1.79</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Direct and Overlapping Property Tax Rates**

Source: Municipal Tax Collector

Exhibit J-7

Fiscal Year Ended June 30,	School District			Overlapping Rates				Total Direct and Overlapping Tax Rates
	Basic Rate	Debt Service	Total	Local	County	Other	Total	
2008	1.589	0.000	1.589	0.490	0.523	0.000	1.013	2.602
2009	1.573	0.000	1.573	0.519	0.580	0.000	1.099	2.672
2010	1.609	0.000	1.609	0.538	0.632	0.000	1.170	2.779
2011	1.648	0.000	1.648	0.556	0.647	0.000	1.203	2.851
2012	1.668	0.000	1.668	0.556	0.678	0.000	1.234	2.902
2013	1.691	0.000	1.691	0.570	0.802	0.000	1.372	3.063
2014	1.649	0.000	1.649	0.590	0.816	0.000	1.406	3.055
2015	1.675	0.000	1.675	0.661	0.715	0.000	1.376	3.051
2016	1.713	0.000	1.713	0.607	0.804	0.000	1.411	3.124
2017	1.699	0.000	1.730	0.616	0.894	0.000	1.510	3.240

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Principal Property Taxpayers**  
*Source: Municipal Tax Assessor*

**Exhibit J-8**  
**Unaudited**

Taxpayer	2017			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
South Jersey Industries	\$ 4,461,400	1	4.15%	\$ 5,461,400	1	5.28%
IBEW Local 351	2,379,000	2	2.21%	879,000	8	0.85%
Laborer's Local 172-174	2,302,100	3	2.14%	899,100	7	0.87%
American Galvanizing	1,783,800	4	1.66%	1,577,800	2	1.53%
C&E Cannery	1,531,700	5	1.42%	1,306,700	3	1.26%
Taxpayer 1	993,900	6	0.92%	1,069,800	5	1.04%
Taxpayer 2	884,400	7	0.82%	902,800	6	0.87%
Creamer Folsom Associates	800,600	8	0.74%	800,555	9	0.77%
Bodon Industries	741,800	9	0.69%	741,800	10	0.72%
Kerr Concrete	722,100	10	0.67%	1,222,800	4	1.18%

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Property Tax Levies and Collections**

Source: District Records

**Exhibit J-9**

**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>School Taxes Levied for the Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Percentage of Tax Levy Collections</u>
2008	\$ 1,647,919.00	\$ 1,647,919.00	100.00%
2009	1,653,118.00	1,653,118.00	100.00%
2010	1,657,919.00	1,657,919.00	100.00%
2011	1,708,638.00	1,708,638.00	100.00%
2012	1,742,324.00	1,742,324.00	100.00%
2013	1,766,197.00	1,766,197.00	100.00%
2014	1,800,667.00	1,800,667.00	100.00%
2015	1,780,009.00	1,780,009.00	100.00%
2016	1,816,288.00	1,816,288.00	100.00%
2017	1,842,888.00	1,842,888.00	100.00%

## DEBT CAPACITY

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Ratio of Outstanding Debt By Type**

Source: District Records

Exhibit J-10

Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type	Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases			
2008	\$ 2,736,000	\$ -	\$ -	\$ -	\$ -	\$ 2,736,000	3.60%	\$ 39,829
2009	2,606,000					2,606,000	3.49%	39,153
2010	2,466,000					2,466,000	3.31%	39,545
2011	2,326,000					2,326,000	2.99%	41,338
2012	2,176,000					2,176,000	2.77%	41,927
2013	2,026,000					2,026,000	2.59%	41,659
2014	1,825,000					1,825,000	2.25%	43,336
2015	1,665,000					1,665,000	2.06%	43,695
2016	1,495,000					1,495,000	1.88%	43,695
2017	1,325,000					1,325,000	1.66%	43,695



**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Ratios of General Bonded Debt Outstanding**

Source: District Records

Exhibit J-11

Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita Personal Income</u>
2008	2,736,000.00		2,736,000.00	2.64%	39,829
2009	2,606,000.00		2,606,000.00	2.47%	39,153
2010	2,466,000.00		2,466,000.00	2.32%	39,545
2011	2,326,000.00		2,326,000.00	2.20%	41,338
2012	2,176,000.00		2,176,000.00	2.06%	41,927
2013	2,026,000.00		2,026,000.00	1.90%	41,659
2014	1,825,000.00		1,825,000.00	1.69%	43,336
2015	1,665,000.00		1,665,000.00	1.54%	43,695
2016	1,495,000.00		1,495,000.00	1.39%	43,695
2017	1,325,000.00		1,325,000.00	1.23%	43,695

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

**Exhibit J-12**  
**Unaudited**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of the School District	\$ 1,325,000.00	100.00%	\$ 1,325,000.00
Debt Repaid With Property Taxes			
Local Municipality	\$ 466,939.32	100.00%	466,939.32
Other Debt			
County of Atlantic	\$ 160,505,901.00	0.46%	<u>733,993.49</u>
Total Direct and Overlapping Debt			<u><u>\$ 2,525,932.81</u></u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Legal Debt Margin Information**

Source: District Records

Exhibit J-13

Unaudited

				<u>Year</u>				<u>Equalized Valuation Basis</u>
				2014	\$			167,752,139
				2015				167,454,558
				2016				<u>172,782,614</u>
					\$			<u>507,989,311</u>
				Average Equalized Valuation of Taxable Property				<u>\$ 169,329,770</u>
				School Borrowing Margin				
				Average Equalized Valuation of Taxable Property				\$ 169,329,770
								<u>3.00%</u>
								5,079,893
				Net Bonded School Debt				<u>1,325,000</u>
				Legal Debt Margin				<u>\$ 3,754,893</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 5,024,874	\$ 5,560,587	\$ 5,930,685	\$ 6,145,402	\$ 5,833,420	\$ 5,566,062	\$ 5,489,599	\$ 5,273,674	\$ 5,146,844
Total Net Debt Applicable Limit	<u>2,736,000</u>	<u>2,606,000</u>	<u>2,466,000</u>	<u>2,326,000</u>	<u>2,176,000</u>	<u>2,026,000</u>	<u>1,825,000</u>	<u>1,665,000</u>	<u>1,495,000</u>
Legal Debt Margin	<u>\$ 2,288,874</u>	<u>\$ 2,954,587</u>	<u>\$ 3,464,685</u>	<u>\$ 3,819,402</u>	<u>\$ 3,657,420</u>	<u>\$ 3,540,062</u>	<u>\$ 3,664,599</u>	<u>\$ 3,608,674</u>	<u>\$ 3,651,844</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	54.45%	46.87%	41.58%	37.85%	37.30%	36.40%	33.24%	31.57%	29.05%

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Demographic and Economic Statistics**

Source: NJ Department of Labor

**Exhibit J-14**

**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>School District Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	1,907	74,575,142	39,106	3.20%
2009	1,908	74,703,924	39,153	5.90%
2010	1,885	74,542,325	39,545	6.10%
2011	1,884	77,880,792	41,338	6.10%
2012	1,877	78,696,979	41,927	6.10%
2013	1,878	78,235,602	41,659	6.40%
2014	1,870	81,038,320	43,336	10.20%
2015	1,851	80,879,445	43,695	8.60%
2016	1,824	79,699,680	43,695	7.40%
2017	1,824	79,699,680	43,695	7.40%

**Information Not Available**

## Operating Information

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Full-Time Equivalent District Employees By Function/Program**  
*Source: District Personnel Records*

**Exhibit J-16**  
**Unaudited**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	24.3	29.5	29.5	29.5	29.7	30.0	29.0	31.0	32.0	31.0
Special Education	7.0	6.6	6.6	6.6	7.7	7.7	7.8	10.0	10.0	11.0
Other Special Education	3.1									1.0
Other	1.0	1.0	1.0	1.0	1.0	2.4	2.4	-	1.3	3.0
Support Services										
Student Related	2.0	6.1	6.1	6.1	6.2	6.2	6.0	7.0	7.0	6.0
General Administrative	1.3	1.5	1.5	1.5	0.7	0.7	1.0	1.0	1.0	1.0
School Administrative	1.7	1.5	1.5	1.5	2.3	2.3	2.3	4.0	4.0	4.0
Business Administrative	2.5	2.7	2.7	2.7	1.7	1.7	1.7	2.0	2.0	2.0
Plant Operation	4.5	4.0	4.0	4.0	5.2	4.5	4.5	4.0	4.0	4.0
Other	2.0							1.3	1.0	1.3
Food Service	3.0	3.1	3.1	3.1	2.9	3.6	3.6	3.3	3.3	2.5
Child Care									2.0	2.0
	<u>52.4</u>	<u>56.0</u>	<u>56.0</u>	<u>56.0</u>	<u>57.4</u>	<u>59.1</u>	<u>58.3</u>	<u>63.5</u>	<u>67.6</u>	<u>68.8</u>



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Operating Statistics**  
*Source: District Records*

**Exhibit J-17**  
**Unaudited**

Fiscal Year Ended June 30,	Enrollment (a)	Operating Expenditures	Cost Per Pupil	% Change	Teaching Staff	Average Daily		% Change in Average Daily Attendance	Student Attendance Percentage
						Enrollment (b)	Attendance (b)		
2008	495	5,761,157	11,639	2.53%	35.4	417	397	6.54%	95.30%
2009	496	5,779,726	11,653	0.12%	37.1	407	388	-2.37%	95.33%
2010	478	6,067,562	12,707	9.05%	37.1	399	378	-2.58%	94.74%
2011	492	6,605,182	13,425	5.65%	37.1	400	381	0.79%	95.25%
2012	520	6,945,519	13,357	-0.51%	37.4	418	395	3.67%	94.50%
2013	508	7,117,361	14,011	4.89%	37.6	424	403	2.03%	95.05%
2014	508	7,322,917	14,415	2.89%	39.2	435	413	2.48%	94.94%
2015	505	7,829,288	15,504	7.55%	41.0	415	400	-3.15%	96.39%
2016	487	7,943,155	16,310	5.20%	43.3	415	400	0.00%	96.39%
2017	489	8,311,229	16,996	4.21%	43.3	401	387	-3.25%	96.51%

(a) Includes Grades K-12

(b) Includes Grades K-8

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

**Exhibit J-18**  
*Unaudited*

<u>District Building</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Folsom Elementary School										
Square Feet	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507
Capacity	435	435	435	435	435	435	435	435	435	435
Enrollment	416	407	399	403	418	424	435	415	415	401

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

**Exhibit J-19**  
**Unaudited**

**Undistributed Expenditures - Required Maintenance for School Facilities**

<u>Facilities</u>	<u>Project Number</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Folsom School	N/A	<u>\$ 92,480</u>	<u>\$ 124,975</u>	<u>\$ 88,191</u>	<u>\$ 120,416</u>	<u>\$ 108,188</u>	<u>\$ 112,947</u>	<u>\$ 86,997</u>	<u>\$ 104,646</u>	<u>\$ 149,576</u>	<u>\$ 129,633</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**

**Insurance Schedule**

Source: District Records

Exhibit J-20

Unaudited

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

**SINGLE AUDIT SECTION**

# PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-1

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

**INDEPENDENT AUDITORS' REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Borough of Folsom School District's basic financial statements and have issued our report thereon dated August 17, 2017.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

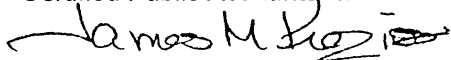
As part of obtaining reasonable assurance about whether Borough of Folsom School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a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

### **Purpose of this Report**

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

### **PREZIOSI • NICHOLSON & ASSOCIATES**

Certified Public Accountants



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

August 17, 2017  
Millville, NJ

# PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REPORT ON THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITORS' REPORT**

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

**Report on Compliance for Each Major State Program**

We have audited the Borough of Folsom School District's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the District's major state programs for the fiscal year ended June 30, 2017. The District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations part 200, uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and NJ OMB15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and State of New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



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

### **Opinion on Each Major Program**

In our opinion the Borough of Folsom School District 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 state programs.

### **Report on Internal Control Over Compliance**

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

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

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

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

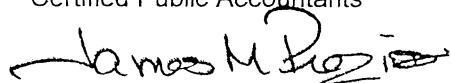
**Report on Schedules of Expenditures of Federal Awards Required by Uniform Guidance and State Financial Assistance Required by New Jersey OMB's Circular 15-08**

We have audited the financial statements of the Borough of Folsom School District as of and for the year ended June 30, 2017, and have issued our report thereon dated August 17, 2017, 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 the purposes of additional analysis as required by Uniform Guidance and NJ OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was not derived from and relates directly to the underlying accounting and the 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 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 and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

**PREZIOSI • NICHOLSON & ASSOCIATES**

Certified Public Accountants



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

August 17, 2017  
Millville, NJ

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Schedules of Awards and Financial Assistance**  
**June 30, 2017**

**NOTE 1           GENERAL**

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

**NOTE 2           BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's financial statements. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3           RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Notes to Schedules of Awards and Financial Assistance**  
**June 30, 2017**

**NOTE 3            RELATIONSHIP TO FINANCIAL STATEMENTS (CONTINUED)**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 6,374,686.64	\$ 6,374,686.64
Special Revenue Fund	259,875.00	51,800.00	311,675.00
Debt Service Fund			
Enterprise Fund	<u>80,940.88</u>	<u>1,394.38</u>	<u>82,335.26</u>
Total GAAP	340,815.88	6,427,881.02	6,768,696.90
Budgetary Adjustment			
State Aid Payment			
Current Year		561,366.00	561,366.00
Prior Year		( 549,618.00)	( 549,618.00)
Encumbrances			
Current Year			
Prior Year	<u>( 39,027.00)</u>		<u>( 39,027.00)</u>
Total Budgetary	<u>\$ 301,788.88</u>	<u>\$ 6,439,629.02</u>	<u>\$ 6,741,417.90</u>

**NOTE 4            RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5            OTHER**

Revenues and expenditures reported under the U.S.D.A. Commodities Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

**NOTE 7            MAJOR PROGRAMS**

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

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

For The Fiscal Year Ended June 30, 2017

**PART 1 - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- A. Type of auditors' report issued:  
**Unmodified**
- B. Internal control over financial reporting:
  - 1. Material weakness(es) identified?  
**No**
  - 2. Significant deficiency(ies) identified?  
**None Reported**
- C. Noncompliance material to financial statements noted.  
**No**

**Federal Awards Section**

**This Section Not Applicable**

**State Financial Assistance**

- A. Dollar threshold used to determine Type A and Type B programs.  
**\$750,000**
- B. Auditee qualified as low-risk auditee?  
**Yes**
- C. Type of auditors' report on compliance for major programs.  
**Unmodified**
- D. Internal control over major programs.
  - 1. Material weakness(es) identified?  
**No**
  - 2. Significant deficiency(ies) identified?  
**None Reported**
- E. Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance or New Jersey Circular OMB 15-08?  
**No**

F. Identification of major programs.

<u>GMIS Number(s)</u>	<u>Program Type</u>	<u>Name of State Program</u>
		<b>State Aid Public</b>
495-034-5120-078	A	Equalization Aid
495-034-5120-068	A	School Choice Aid
495-034-5120-089	B	Special Education Categorical Aid
495-034-5120-084	B	Security Aid
495-034-5120-086	B	Under Adequacy Aid
495-034-5120-085	B	Adjustment Aid
495-034-5120-014	B	Transportation Aid
495-034-5120-097	B	Per Pupil Growth Aid
495-034-5120-098	B	PARCC Readiness
495-034-5094-003	B	Social Security Contributions

BOROUGH OF FOLSOM SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs

For The Fiscal Year Ended June 30, 2017

**PART 2 - SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

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

**None Noted**

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

For The Fiscal Year Ended June 30, 2017

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

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

**FEDERAL AWARDS**

This Section Not Applicable

**STATE FINANCIAL ASSISTANCE**

No Current Year Findings

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**Schedule A**  
**For The Fiscal Year Ended June 30, 2017**

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period	Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2017	
								Accounts Receivable	Due to Grantor
U.S. Department of Education									
Passed-through State Department of Education									
Special Revenue Fund:									
Title I	84.010		7\1\15 - 6\30\16	\$ (42,946.00)	\$ -	\$ 42,946.00	\$ -	\$ -	\$ -
Title I	84.010	76,252.00	7\1\16 - 6\30\17			31,513.00	(76,252.00)	(44,739.00)	
Title II A	84.367		7\1\15 - 6\30\16	(5,086.00)		5,086.00			
Title II A	84.367	12,401.00	7\1\16 - 6\30\17			3,402.00	(12,401.00)	(8,999.00)	
I.D.E.A. Part B, Basic Regular	84.027		7\1\15 - 6\30\16	(51,492.00)		51,492.00			
I.D.E.A. Part B, Basic Regular	84.027	95,794.00	7\1\16 - 6\30\17			95,794.00	(95,794.00)		
I.D.E.A. Part B, Preschool	84.173		7\1\15 - 6\30\16	(8,050.00)		8,050.00			
I.D.E.A. Part B, Preschool	84.173	4,575.00	7\1\16 - 6\30\17			4,575.00	(4,575.00)		
Title VI REAP	84.358	31,827.00	7\1\16 - 6\30\17			31,827.00	(31,827.00)		
Total Special Revenue Fund				(107,574.00)	-	274,685.00	(220,849.00)	(53,738.00)	-
U.S. Department of Agriculture									
Passed-through State Department of Education									
Enterprise Fund:									
Food Distribution Program	10.555	8,590.60	7\1\16 - 6\30\17			8,590.60	(8,590.60)		
School Breakfast Program	10.553		7\1\15 - 6\30\16	(947.75)		947.75			
School Breakfast Program	10.553	1,755.96	7\1\16 - 6\30\17			1,630.98	(1,755.96)	(124.98)	
National School Lunch Program	10.555		7\1\15 - 6\30\16	(2,785.65)		2,785.65			
National School Lunch Program	10.555	70,594.32	7\1\16 - 6\30\17			66,164.35	(70,594.32)	(4,429.97)	
Total Enterprise Fund				(3,733.40)	-	80,119.33	(80,940.88)	(4,554.95)	
Total Federal Financial Awards				\$ (111,307.40)	\$ -	\$ 354,804.33	\$ (301,789.88)	\$ (58,292.95)	\$ -



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**Schedule B**  
**For The Fiscal Year Ended June 30, 2017**

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

State Grantor/Program Title	Grant or Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Balance at June 30, 2017		(MEMO) Delayed State Aid Payment
							Accounts Receivable	Due To State	
State Department of Education									
General Fund									
Equalization Aid	17-495-034-5120-078	07/01/16-06/30/17	\$ 4,180,760.00	\$ -	\$ 3,619,394.00	\$ (4,180,760.00)	\$ (561,366.00)	\$ -	\$ (561,366.00)
Equalization Aid	16-495-034-5120-078	07/01/15-06/30/16		(549,618.00)	549,618.00				
School Choice Aid	17-495-034-5120-068	07/01/16-06/30/17	876,512.00		876,512.00	(876,512.00)			
Special Education Categorical Aid	17-495-034-5120-089	07/01/16-06/30/17	279,894.00		279,894.00	(279,894.00)			
Adjustment Aid	17-495-034-5120-085	07/01/16-06/30/17	126,420.00		126,420.00	(126,420.00)			
Security Aid	17-495-034-5120-084	07/01/16-06/30/17	79,030.00		79,030.00	(79,030.00)			
Under Adequacy Aid	17-495-034-5120-096	07/01/16-06/30/17	30,122.00		30,122.00	(30,122.00)			
PARCC Readiness Aid	17-495-034-5120-098	07/01/16-06/30/17	5,180.00		5,180.00	(5,180.00)			
Per Pupil Growth Aid	17-495-034-5120-097	07/01/16-06/30/17	5,180.00		5,180.00	(5,180.00)			
Extraordinary Special Education Aid	17-100-034-5120-473	07/01/16-06/30/17							
Professional Learning Community Aid	17-495-034-5120-101	07/01/16-06/30/17	4,730.00		4,730.00	(4,730.00)			
Transportation Aid	17-495-034-5120-014	07/01/16-06/30/17	50,786.00		50,786.00	(50,786.00)			
On Behalf TPAF									
Pension Contributions	17-495-034-5094-002	07/01/16-06/30/17	298,119.00		298,119.00	(298,119.00)			
Post Retirement Medical	17-495-034-5094-001	07/01/16-06/30/17	249,903.00		249,903.00	(249,903.00)			
Social Security Contributions	17-495-034-5094-003	07/01/16-06/30/17	199,798.64		189,789.82	(199,798.64)	(10,008.82)		
Social Security Contributions	16-495-034-5094-003	07/01/15-06/30/16		(9,933.50)	9,933.50				
Total General Fund				(559,551.50)	6,374,611.32	(6,386,434.64)	(571,374.82)	-	(561,366.00)
Special Revenue Fund									
Preschool Education Aid	17-495-034-5120-086	07/01/16-06/30/17	51,800.00		51,800.00	(51,800.00)			
					51,800.00	(51,800.00)			
U.S. Department of Agriculture									
Passed-through State Department of Education									
Enterprise Fund:									
National School Lunch Program	16-100-010-3360-067	07/01/15-06/30/16		(77.30)	77.30				
National School Lunch Program	17-100-010-3360-067	07/01/16-06/30/17	1,394.38		1,297.23	(1,394.38)	(97.15)		
Total Enterprise Fund				(77.30)	1,374.53	(1,394.38)	(97.15)		
Total State Financial Assistance				\$ (559,628.80)	\$ 6,427,785.85	\$ (6,439,629.02)	\$ (571,471.97)	\$ -	\$ (561,366.00)
Less: On-Behalf TPAF Pension System Contributions						(548,022.00)			
Total for State Financial Assistance - Major Program Determination						\$ (5,891,607.02)			

**BOROUGH OF FOLSOM SCHOOL DISTRICT  
Summary Schedule of Prior-Year Findings and  
Questioned Costs as Prepared by Management  
For The Fiscal Year Ended June 30, 2017**

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

**STATUS OF PRIOR YEAR FINDINGS**

**None**