

Board of Education  
of the

# Folsom School District

*PROUD TO BE A CHOICE SCHOOL*

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

of the

Borough of Folsom Board of Education

Folsom, New Jersey

For the Fiscal Year Ended June 30, 2018

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Borough of Folsom Board of Education**

**Folsom, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by**

**Borough of Folsom Board of Education**

**Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE BOROUGH OF FOLSOM BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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## **INTRODUCTORY SECTION**





# FOLSOM ELEMENTARY SCHOOL

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FOLSOM, NJ 08037  
Phone: 609-561-8666 / Fax: 609-561-3021  
Website: [www.folsomschool.org](http://www.folsomschool.org)

Matthew Mazzone, Ed.D.  
*Superintendent*  
Christopher R. Veneziani  
*Business Administrator*  
Michele L. Hetzel  
*Director of Curriculum & Instruction*

January 25, 2019

Honorable President and  
Members of the Board of Education  
Borough of Folsom School District  
Folsom, New Jersey 08037

Dear Board Members:

The comprehensive annual financial report of the Borough of Folsom School District for the fiscal year ended June 30, 2018, 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." 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 Borough of Folsom Public School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Borough of Folsom Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for students with disabilities. The District completed the 2017-2018 fiscal year with an enrollment of 398 students, which is 5 less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

**Average Daily Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2017-18	398	(1.24%)
2016-17	403	0.75%
2015-16	400	(4.8%)
2014-15	419	(3.6%)
2013-14	434	3.5%
2012-13	419	(1.2%)
2011-12	424	1.4%
2010-11	418	3.7%
2009-10	403	1.0%
2008-09	399	(1.9%)

**2. ECONOMIC CONDITION AND OUTLOOK:**

The current economic condition of the District is stable due to the state aid revenue generated by the Interdistrict Public School Choice Program. For the 2017-2018 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 of differentiated learning for diverse student learners.

Digital techbooks for Middle School Math and Social Studies were adopted and utilized during the 2017-2018 school year. With the expansion of the implementation of Google Classroom, the district assigned individual Chromebooks to each 6th, 7th, and 8th grade student in the 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 (rEP, I&RS, 504), and Notification systems. Teachers used Realtime for digital submission of Lesson Plans during the 2017-2018 school year. Teachers maintain individual web-pages in Google Classroom, Class Dojo, and / 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 21st 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 was 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, 21st 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 during the 2017-2018 SY.

- 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 an internal control process designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control process 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 an adequate internal control process is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control process, 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 objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. 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 orders on a line item basis. Open encumbrances at year-end are either canceled or included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

#### **7. DEBT ADMINISTRATION:**

At June 30, 2018 the District's outstanding debt included \$1,145,000 of general obligation bonds. The amount of unvoted debt available is \$3,890,796, as shown on Exhibit J-13.

**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," Note 3. The District has adopted a cash management plan, which 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 funds 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:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards(Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit is 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 public 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 financial and accounting staff.

Respectfully submitted,

*Dr. Matthew Mazzoni*

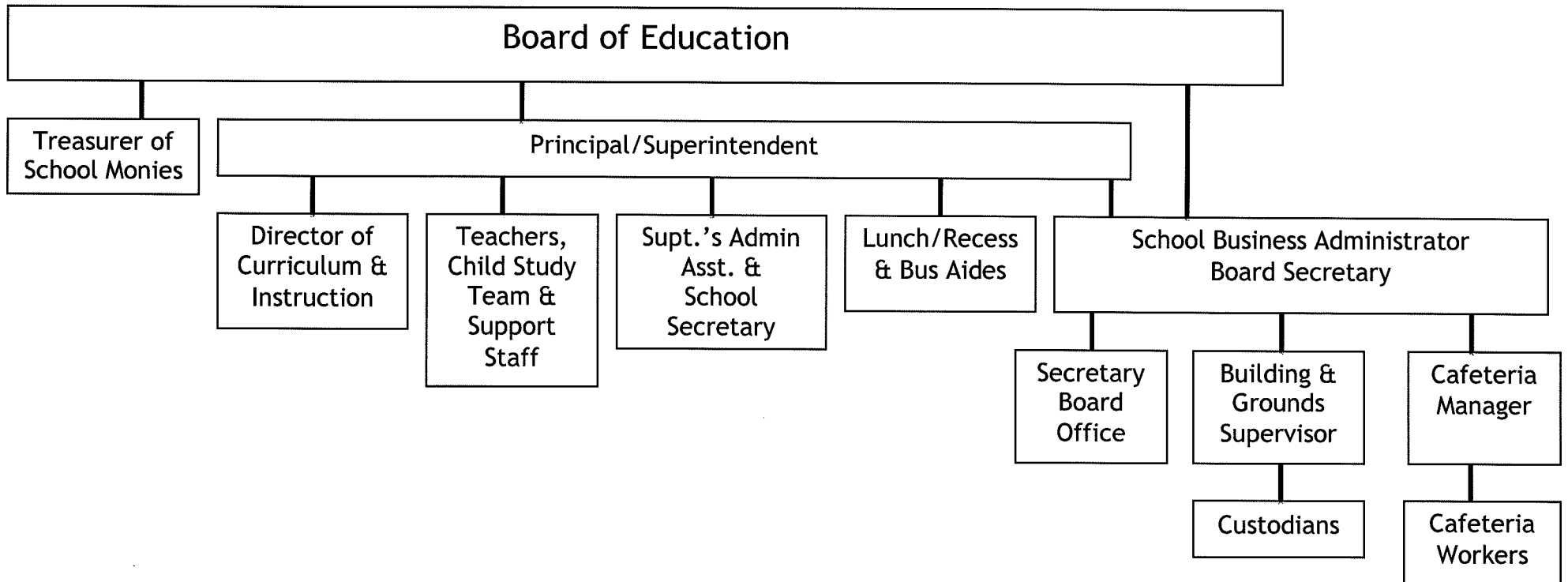
Dr. Matthew Mazzoni, Chief School Administrator

*Christopher R. Veneziani*

Christopher Veneziani, School Business Administrator

Borough of Folsom School District  
Atlantic County  
Folsom, New Jersey

ORGANIZATIONAL CHART



BOROUGH OF FOLSOM BOARD OF EDUCATION  
FOLSOM, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Glenn Smith, President	2020
Lisa O'Toole, Vice President	2020
Daria DeStefano	2018
Marisa Scibilia	2019
Tiffani Dych	2018
John Thomas	2018
Andrea Way	2019
<u>OTHER OFFICIALS</u>	<u>Amount of Bond</u>
Evelyn C. Browne, Superintendent (To: June 30, 2018)	
Dr. Matthew Mazzoni, Chief School Administrator (From: July 1, 2018)	
Christopher Veneziani, School Business Administrator	\$ 25,000
Beverly Mateo	173,000
William Cappuccio, Solicitor (To: June 30, 2018)	

**BOROUGH OF FOLSOM BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

**Raymond Colavita, CPA, RMA**  
**Nightlinger, Colavita and Volpa, P. A.**  
Certified Public Accountants  
991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

**ATTORNEY**

**William Donio, Esq.**  
**Cooper Levenson Attorneys at Law**  
1125 Atlantic Avenue  
Atlantic City, NJ 08401

**OFFICIAL DEPOSITORY**

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

**Risk Management Consultant**

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



## **FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Folsom School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Borough of Folsom 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 audit requirements as prescribed by the Division of Administration and 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 of material misstatement.

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions 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 Folsom School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the 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 subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2019 on our consideration of the Borough of Folsom Board of Education'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 effectiveness of the Borough of Folsom Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Borough of Folsom Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915  
January 25, 2019

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**BOROUGH OF FOLSOM SCHOOL DISTRICT  
BOROUGH OF FOLSOM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**UNAUDITED**

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, 2018. 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, 2018 year include the following:

- Net Position for Governmental and Business-Type activities was \$7,619,664 and \$154,015 totaling \$7,773,679.
- Net Position for both activities decreased by \$319,655 in Governmental Activities and \$8,078 in the Business-Type activities.
- The fund balance of the General Funds as of June 30, 2018 was \$2,057,982, which is a decrease of \$443,393 when compared with the beginning balance of \$2,953,375.
- The District's outstanding bonded debt at June 30, 2017 is \$1,145,000.

**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.

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

	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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
Required Financial Statements	Statements of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures, and Changes in Fund Balance	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
Accounting Basics and Measurement Focus	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
Type of Asset/Liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used 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, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow/Outflow Information	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

## 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.

## 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

	Government Activities		Business Activities	
	June 30,		June 30,	
	2018	2017	2018	2017
Current and Other Assets	\$ 2,540,185	\$ 3,069,897	\$ 81,921	\$ 85,099
Capital Assets	7,737,561	7,786,017	85,654	96,346
Deferred Outflows	503,943	542,105		
<b>Total Assets</b>	<b>10,781,689</b>	<b>11,398,019</b>	<b>167,575</b>	<b>181,445</b>
Long-Term Liabilities	2,743,793	3,245,234		
Other Liabilities	49,362	116,508	13,560	19,352
Deferred Inflows	368,870	96,959		
<b>Total Liabilities</b>	<b>3,162,025</b>	<b>3,458,701</b>	<b>13,560</b>	<b>19,352</b>
<b>Net Position</b>				
Invested in Capital Assets	6,592,561	6,461,017	85,654	96,346
Restricted	2,727,190	3,275,037		
Unrestricted	(1,700,087)	(1,796,734)	68,361	65,747
<b>Total Net Position</b>	<b>\$ 7,619,664</b>	<b>\$ 7,939,320</b>	<b>\$ 154,015</b>	<b>\$ 162,093</b>

**Summary of Changes in Net Position**

	Governmental Activities		Business Activities		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>Revenues</b>						
Program Revenue						
Charges for Services	\$	\$	\$ 175,116	\$ 167,301	\$ 175,116	\$ 167,301
Grants and Entitlements	785,103	2,682,627	84,927	82,335	870,030	2,764,962
General Revenue						
Property Taxes	1,868,128	1,842,888			1,868,128	1,842,888
Grants and Entitlements	7,790,969	5,478,052			7,790,969	5,478,052
Other	95,912	383,650	88	155	96,000	383,805
<b>Total Revenues</b>	<b>10,540,112</b>	<b>10,387,217</b>	<b>260,131</b>	<b>249,791</b>	<b>10,800,243</b>	<b>10,637,008</b>
<b>Expenses</b>						
Instruction	2,829,720	3,837,332			2,829,720	3,837,332
Support Services	2,310,559	4,600,815			2,310,559	4,600,815
Tuition	1,613,089	1,460,488			1,613,089	1,460,488
Employee Benefits	3,750,148				3,750,148	-
Interest on Debt	85,149	95,459			85,149	95,459
Unallocated Depreciation	271,102	255,762			271,102	255,762
Charter School					-	-
Business-Type Activities			268,209	241,489	268,209	241,489
<b>Total Expenses</b>	<b>10,859,767</b>	<b>10,249,856</b>	<b>268,209</b>	<b>241,489</b>	<b>11,127,976</b>	<b>10,491,345</b>
<b>Change in Net Position</b>	<b>\$ (319,655)</b>	<b>\$ 137,361</b>	<b>\$ (8,078)</b>	<b>\$ 8,302</b>	<b>\$ (327,733)</b>	<b>\$ 145,663</b>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total Governmental revenues were \$10,540,112 for the fiscal year ended June 30, 2018. Property taxes made up 18% percent of revenues for governmental activities for the Borough of Folsom School District for fiscal year 2018. Federal, state and local grants accounted for \$8,547,072 or another 81%. The total cost of all program and services was \$10,859,767. Instruction expenses of \$2,829,720 comprised 26% of District expenses.

**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, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
<b>Restricted</b>			
Capital Reserve	\$ 572,976	\$ 571,976	\$ 1,000
Maintenance Reserve	301,189	328,940	(27,751)
Emergency Reserve	200,000	250,000	(50,000)
Debt Service		10,296	(10,296)
Excess Surplus	1,649,900	1,909,010	(259,110)
<b>Assigned</b>			
Encumbrances	18,966	181,431	(162,465)
Designated for Budget	3,125	23,383	(20,258)
<b>Unassigned</b>			
Special Revenues	(8,288)		(8,288)
General	(238,174)	(311,366)	73,192
<b>Total</b>	<b>\$ 2,499,694</b>	<b>\$ 2,963,670</b>	<b>\$ (463,976)</b>

**The School District's Major Funds**

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) had total revenues of \$8,888,641 and expenditures of \$9,352,617. The net positive/negative change in fund balance for the year was a decrease of \$463,976 which was attributed to the appropriation of surplus.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent/ Increase (Decrease)</u>
Local Sources	\$ 1,981,759	22%	\$ (244,779)	-11%
State Sources	6,678,280	75%	251,793	4%
Federal Sources	228,602	3%	(31,274)	-12%
<b>Total</b>	<b>\$ 8,888,641</b>	<b>100%</b>	<b>\$ (24,260)</b>	<b>-0.27%</b>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2018.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent/ Increase (Decrease)</u>
Current:				
Instruction	\$ 2,829,720	30%	\$ 8,278	0.3%
Tuition	1,613,089	17%	152,601	10.4%
Undistributed Expenditures	4,470,360	48%	441,061	20.5%
Capital Outlay	210,098	2%	(77,167)	-26.9%
Debt Service:				
Principal	180,000	2%	10,000	5.88%
Interest	49,350	1%	(6,800)	-12.11%
Total	<u>\$ 9,352,617</u>	<u>100%</u>	<u>\$ 527,973</u>	<u>6.0%</u>

#### 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 \$7,293,687. Actual revenues, excluding on-behalf contributions for Pension and Social Security of \$888,757 (which are not budgeted), were \$7,468,628.

#### Expenditures

The General Fund adopted expenditures were budgeted at \$8,179,302. Actual expenditures, not including on-behalf contributions for Pension and Social Security (which are not budgeted), were \$7,723,028.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

As of June 30, 2018 the District had \$12,781,646 invested in land, building, and equipment. For more detailed information, please refer to the Notes to the Financial Statements.

	Governmental Activities		Business Activities		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Facilities and Improvements	\$ 7,528,937	\$ 7,545,939	\$	\$	\$ 7,528,937	\$ 7,545,939
Equipment	208,624	240,078	85,654	96,346	294,278	336,424
	<u>\$ 7,737,561</u>	<u>\$ 7,786,017</u>	<u>\$ 85,654</u>	<u>\$ 96,346</u>	<u>\$ 7,823,215</u>	<u>\$ 7,882,363</u>

### Debt Administration

At the end of fiscal year 2018, the School District had \$1,259,307 of outstanding debt. Of this amount, \$73,099 is for compensated absences and \$1,145,000 is for general obligation bonds and \$41,208 represents the unamortized premium on bonds. In addition, there is a reported Net Pension Liability relating to GASB #68 of \$1,484,486. The allowable unvoted debt \$3,890,796. 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 could be emailed to CVeneziani@folsomschool.org or addressed to:

School Business Administrator/Board Secretary  
 Attn: Mr. Christopher Veneziani  
 Borough of Folsom School District  
 1357 Mays Landing Road  
 Folsom, NJ 08037  
 609-561-8666

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,240,177	\$ 64,308	\$ 1,304,485
Receivables, Net	225,874	14,680	240,554
Restricted Assets:			
Cash and Cash Equivalents	1,074,134		1,074,134
Capital Assets, Net (Note 8)	7,737,561	85,654	7,823,215
Inventory		2,933	2,933
Total Assets	<u>10,277,746</u>	<u>167,575</u>	<u>10,445,321</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Pension Outflow	<u>503,943</u>		<u>503,943</u>
Total Deferred Outflows of Resources	<u>503,943</u>		<u>503,943</u>
<b>LIABILITIES</b>			
Accounts Payable	40,491	4,526	45,017
Accrued Interest Payable	8,871		8,871
Unearned Revenue		9,034	9,034
Net Pension Liability	1,484,486		1,484,486
Non-current Liabilities (Note 9):			
Due Within One Year	207,174		207,174
Due Beyond One Year	1,052,133		1,052,133
Total Liabilities	<u>2,793,155</u>	<u>13,560</u>	<u>2,806,715</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Pension Inflow	<u>368,870</u>		<u>368,870</u>
Total Deferred Inflows of Resources	<u>368,870</u>		<u>368,870</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	6,592,561	85,654	6,678,215
Restricted for:			
Capital Reserve	572,976		572,976
Maintenance Reserve	301,189		301,189
Other Purposes	1,853,025		1,853,025
Unrestricted (Deficit)	<u>(1,700,087)</u>	<u>68,361</u>	<u>(1,631,726)</u>
Total Net Position	<u>\$ 7,619,664</u>	<u>\$ 154,015</u>	<u>\$ 7,773,679</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



**BOROUGH OF FOLSOM SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 3,671,132	\$	\$ 285,320	\$ (3,385,812)	\$	\$ (3,385,812)
Special Education	1,248,846			(1,248,846)		(1,248,846)
Other Instruction	408,709			(408,709)		(408,709)
Support Services:						
Tuition	1,613,089			(1,613,089)		(1,613,089)
Student & Instruction Related Serv	1,449,756		15,994	(1,433,762)		(1,433,762)
General and Business Admin Service	214,398			(214,398)		(214,398)
School Administrative Services	289,466			(289,466)		(289,466)
Central Services	282,479			(282,479)		(282,479)
Plant Operations and Maintenance	712,842			(712,842)		(712,842)
Pupil Transportation	612,799			(612,799)		(612,799)
Employee Benefits			483,789	483,789		483,789
Interest Expense	85,149			(85,149)		(85,149)
Unallocated Depreciation	271,102			(271,102)		(271,102)
Total Governmental Activities	10,859,767		785,103	(10,074,664)		(10,074,664)
<b>Business-Type Activities:</b>						
Food Service	194,385	98,281	84,927		(11,177)	(11,177)
Community Program	73,824	76,835			3,011	3,011
Total Business-Type Activities	268,209	175,116	84,927		(8,166)	(8,166)
Total Primary Government	\$ 11,127,976	\$ 175,116	\$ 870,030	(10,074,664)	(8,166)	(10,082,830)
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,868,128		1,868,128
Federal and State Aid Not Restricted				7,790,969		7,790,969
Investment Earnings				9,834	88	9,922
Miscellaneous Income				29,205		29,205
Fixed Asset Adjustment				56,873		56,873
Total General Revenues, Special Items, Extraordinary Items and Transfers				9,755,009	88	9,755,097
Change in Net Position				(319,655)	(8,078)	(327,733)
Net Position—Beginning				7,939,319	162,093	8,101,412
Net Position—Ending				\$ 7,619,664	\$ 154,015	\$ 7,773,679

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

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

**GOVERNMENTAL FUNDS**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,062,573	\$ 158,941	\$	\$ 1,221,514
Cash and Cash Equivalents - Capital Reserve	573,695			573,695
Cash and Cash Equivalents - Emergency Reserve	300,439			300,439
Cash and Cash Equivalents - Maintenance Reserve	200,000			200,000
Local District School Tax Receivable	155,677			155,677
Interfund Receivable	185,892			185,892
State Aid Receivable	64,185			64,185
Federal Aid Receivable	6,012			6,012
<b>Total Assets</b>	<b>\$ 2,548,473</b>	<b>\$ 158,941</b>	<b>\$</b>	<b>\$ 2,707,414</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 40,491		\$	\$ 40,491
Interfund Payable		167,229		167,229
<b>Total Liabilities</b>	<b>40,491</b>	<b>167,229</b>		<b>207,720</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Capital Reserve	572,976			572,976
Maintenance Reserve	301,189			301,189
Emergency Reserve	200,000			200,000
Excess Surplus - Designated for Subsequent Year's Expenditures	1,096,778			1,096,778
Excess Surplus	553,122			553,122
Assigned to Encumbrances	18,966			18,966
Assigned - Designated for Subsequent Year's Expenditures	3,125			3,125
Unassigned (Deficit)	(238,174)	(8,288)		(246,462)
<b>Total Fund Balances</b>	<b>2,507,982</b>	<b>(8,288)</b>		<b>2,499,694</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,548,473</b>	<b>\$ 158,941</b>	<b>\$</b>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$12,653,346 and the accumulated depreciation is \$4,915,785 (see Note 8).	7,737,561
Deferred Outflow of Resources - Deferred Pension Contribution	503,943
Deferred Inflows of Resources - Pension Actuarial Gains	(368,870)
Long Term Net Pension Liability	(1,484,486)
Long-term liabilities, including bonds payable and Unamortized Debt Premium, are not due and payable in the current period and therefore, are not reported as liabilities in the funds (see Note 9)	(1,259,307)
Accrued Interest	(8,871)
<b>Net Position of governmental activities</b>	<b>\$ 7,619,664</b>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**BOROUGH OF FOLSOM SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	\$ 1,649,073	\$	\$ 219,055	\$ 1,868,128
Tuition from Individuals	6,475			6,475
Interest Earned	9,834			9,834
Miscellaneous	97,322			97,322
Total - Local Sources	1,762,704		219,055	1,981,759
State Sources	6,603,688	74,592		6,678,280
Federal Sources		228,602		228,602
Total Revenues	8,366,392	303,194	219,055	8,888,641
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	1,740,240	285,320		2,025,560
Special Education Instruction	601,363			601,363
Other Instruction	202,797			202,797
Support Services:				
Tuition	1,613,089			1,613,089
Student & Instruction Related Services	732,352	15,994		748,346
General Administrative Services	137,658			137,658
School Administrative Services	153,318			153,318
Central Services	154,037			154,037
Plant Operations and Maintenance	512,702			512,702
Pupil Transportation	604,498			604,498
Employee Benefits	2,149,633	10,168		2,159,801
Debt Service				
Principal			180,000	180,000
Interest			49,350	49,350
Capital Outlay	210,098			210,098
Total Expenditures	8,811,785	311,482	229,350	9,352,617
Excess (Deficiency) of Revenues over Expenditures	(445,393)	(8,288)	(10,295)	(463,976)
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources and Uses				
Net Change in Fund Balances	(445,393)	(8,288)	(10,295)	(463,976)
Fund Balance—July 1	2,953,375		10,295	2,963,670
Fund Balance—June 30	\$ 2,507,982	\$ (8,288)	\$ -	\$ 2,499,694

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Total net change in fund balances - governmental funds (from B-2)** **\$ (463,976)**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$	(271,102)	
Fixed Asset Adjustment		56,873	
Capital Outlays		165,773	
			(48,456)

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/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 12,168

Accrued Interest 1,410

Increase in Compensated Absences (7,917)

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

Payment of Bond Principal		180,000	
Amortization of Bond Principal		7,116	

**Change in net position of governmental activities (A-2)** **\$ (319,655)**

The accompanying Notes to Financial Statements are an integral part of this statement.

**PROPRIETARY FUNDS**

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**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	Business-type Activities - Enterprise Funds		
	Community Program	Food Service	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 41,277	\$ 41,694	\$ 82,971
Federal and State Aid Receivable		6,148	6,148
Accounts Receivable	8,004	528	8,532
Inventory		2,933	2,933
Total Current Assets	49,281	51,303	100,584
Fixed Assets:			
Equipment		128,300	128,300
Accumulated Depreciation		(42,646)	(42,646)
Total Fixed Assets		85,654	85,654
Total Assets	49,281	136,957	186,238
<b>LIABILITIES AND FUND EQUITY:</b>			
Current Liabilities:			
Accounts Payable		4,526	4,526
Interfunds Payable	5,048	13,615	18,663
Unearned Revenue	5,887	3,147	9,034
Total Current Liabilities	10,935	21,288	32,223
<b>NET POSITION</b>			
Investment in Fixed Assets Unrestricted	38,346	85,654 30,015	85,654 68,361
Total Net Position	38,346	115,669	154,015
Total Liabilities and Fund Equity	\$ 49,281	\$ 136,957	\$ 186,238

The accompanying Notes to Financial Statements are an integral part of this statement.



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Fund		
	<u>Community Program</u>	<u>Food Service</u>	<u>Total Enterprise</u>
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$	\$ 65,572	\$ 65,572
Non-reimbursable Sales		32,709	32,709
Program Fees	76,835		76,835
Transportation			
Total Operating Revenue:	<u>76,835</u>	<u>98,281</u>	<u>175,116</u>
Operating Expenses:			
Cost of Sales - Reimbursable		67,700	67,700
Cost of Sales - Non Reimbursable		12,586	12,586
Salaries	5,048	70,263	75,311
Employee Benefits		19,889	19,889
Other Purchased Service	58,638	-	58,638
General Supplies	10,138	3,569	13,707
Depreciation		10,692	10,692
Other		9,686	9,686
Total Operating Expenses	<u>73,824</u>	<u>194,385</u>	<u>268,209</u>
Operating (Loss) Income	<u>3,011</u>	<u>(96,104)</u>	<u>(93,093)</u>
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program		1,651	1,651
Federal Sources:			
National School Lunch Program		52,776	52,776
National School Breakfast Program		20,392	20,392
Food Distribution Program		10,108	10,108
Interest	88		88
Total Non-operating Revenues (Expenses)	<u>88</u>	<u>84,927</u>	<u>85,015</u>
(Loss) Income Before Transfers	3,099	(11,177)	(8,078)
Transfers In (Out)			
Change in Net Position	<u>3,099</u>	<u>(11,177)</u>	<u>(8,078)</u>
Total Net Position—Beginning	<u>35,247</u>	<u>126,846</u>	<u>162,093</u>
Total Net Position—Ending	<u>\$ 38,346</u>	<u>\$ 115,669</u>	<u>\$ 154,015</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Funds		
	Community Program	Food Service	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 76,835	\$ 98,281	\$ 175,116
Payments to Employees	(5,048)	(90,152)	(95,200)
Payments to Suppliers	(65,845)	(94,287)	(160,132)
Net Cash Provided by (Used for) Operating Activities	5,942	(86,158)	(80,216)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources		1,651	1,651
Federal Sources		83,276	83,276
Operating Subsidies and Transfers to Other Funds			
Net Cash Provided by (Used for) Non-capital Financing Activities		84,927	84,927
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Net Cash Provided by (Used for) Capital and Related Financing Activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends	88		
Net Cash Provided by (Used for) Investing Activities	88		
Net Increase/(Decrease) in Cash and Cash Equivalents	6,030	(1,231)	4,799
Balances—Beginning of Year	35,247	42,925	78,172
Balances—End of Year	\$ 41,277	\$ 41,694	\$ 82,971
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ 3,011	\$ (96,104)	\$ (93,093)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities			
Depreciation and Net Amortization		10,692	10,692
Decrease/(Increase) in Accounts Receivable	(8,004)	(2,024)	(10,028)
Decrease/(Increase) in Inventory		(658)	(658)
(Decrease)/Increase in Accounts Payable		3,333	3,333
(Decrease)/Increase in Interfund Payable	5,048	(4,544)	504
(Decrease)/Increase in Deferred Revenue	5,887	3,147	9,034
Total Adjustments	2,931	9,946	12,877
Net Cash Provided by (Used for) Operating Activities	\$ 5,942	\$ (86,158)	\$ (80,216)

Noncash Noncapital Financing Activities:

During the year, the District received \$10,109 of food commodities from the U. S. Department of Agriculture

**The accompanying Notes to Financial Statements are an integral part of this statement.**

## FIDUCIARY FUNDS

BOROUGH OF FOLSOM SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,960	\$ 23,565
Total Assets	<u>2,960</u>	<u>23,565</u>
<b>LIABILITIES</b>		
Accounts Payable	2,313	
Payable to Student Groups		23,565
Total Liabilities	<u>\$ 2,313</u>	<u>\$ 23,565</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 647</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF FOLSOM SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	\$ 12,880
	<hr/>
Total Contributions	12,880
Investment Earnings:	
Interest	36
	<hr/>
Total Additions	12,916
	<hr/>
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	
Unemployment Claims	24,980
	<hr/>
Total Deductions	24,980
	<hr/>
Change in Net Position	(12,064)
Net Position—Beginning of the Year	12,711
	<hr/>
Net Position—End of the Year	\$ 647
	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**A. Reporting Entity:**

The Borough of Folsom School District is a Type II District located in the County of Atlantic, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the District is to educate students in grades Pre-K-8. The Folsom School District had an approximate enrollment at June 30, 2018 of 398 students. Students in grades 9-12 attend 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 the 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.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Standards:**

The School District has adopted the following GASB statements:

- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- GASB No. 85 - *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**New Accounting Standards (Continued):**

- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to impact the financial statements of the School District.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.
- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**New Accounting Standards (Continued):**

- **GASB No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*:** The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.
  
- **GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*:** The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**New Accounting Standards (Continued):**

- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

**A. Basis of Presentation:** The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**District-wide Statements:** The statement of net position and the statements of activities display information about the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**A. Basis of Presentation (Continued):**

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

**Fund Financial Statements:** During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

**B. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

**GOVERNMENTAL FUNDS**

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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 Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting: (Continued):**

**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. The district currently has one open capital project for various renovations to the Folsom Elementary School.

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

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

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

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

**PROPRIETARY FUNDS (CONT'D)**

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

Food Service Fund: Equipment	12 Years
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**FIDUCIARY FUNDS**

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Continued):**

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance.

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

**Agency Funds** - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**C. Basis of Accounting and Measurement Focus:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting.

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control:**

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

Formal budgetary integration into the accounting system is 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 mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, which 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.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-3.

**E. Encumbrance Accounting:**

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

**F. Tuition Receivable:**

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Tuition Payable:**

Tuition charges for the fiscal years 2015-16, 2016-17, and 2017-18 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**H. Short-Term Interfund Receivables/Payables:**

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

**I. Inventories and Prepaid Expenses:**

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

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

**J. Assets, Liabilities and Equity:**

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

Inventories - On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. The Food Service inventory as of June 30, 2018 consisted of \$1,784 in purchased food and \$1,149 in supplies for a total of \$2,933. Of the \$2,933 reflected in inventory as of June 30, 2018, Federal Commodity Food represents \$913. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2018 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**J. Assets, Liabilities and Equity (Continued):**

Capital assets are depreciated in the District-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

**K. 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. In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district-wide Statement of Net Position. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**L. Unearned Revenue:**

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

**M. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**N. 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 not 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.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**O. 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.

**P. Lease Acquisition Costs:**

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2018.

**Q. Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**R. Comparative Data/Reclassifications:**

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

**S. Management Estimates:**

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

**T. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**U. Net Position:**

Net Position represents the difference between assets and liabilities. Net investment 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 is 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 purposes for which both restricted and unrestricted net position is available.

**V. Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**W. Revenues - Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments stated at cost. All other investments are stated at fair value.

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the School District.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2018, the District had no funds on deposit with the New Jersey Cash Management.

Deposits - N.J.S.A. 17:9-41, et seq. establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Public depositories include State or Federally chartered banks, savings banks or associations located in or having a branch office on the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, 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 Governmental Units.

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

The School District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

As of June 30, 2018, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts	\$ 2,405,144
Total	\$ <u>2,405,144</u>

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. The District does not place a limit on the amount that may be invested in any one issuer.

As of June 30, 2018, the District's bank balance of \$2,794,737 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>2,544,737</u>
Total	\$ <u>2,794,737</u>

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account may be established by New Jersey school districts for the accumulation of funds for 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 deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April 2005 transfers must be in compliance with P.L.2005, C73 (S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects of \$2,010,000, as shown in its approved LRFP.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)**

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

Beginning Balance July 1, 2017	\$	571,976
Interest Earnings		1,000
Ending Balance June 30, 2018	\$	<u>572,976</u>

**NOTE 5. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account may be established by the District for the accumulation of funds for maintenance expenditures in subsequent fiscal years. This reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance expenditures in the District's annual general fund budget certified for taxes. During the 2017-18 school year, \$750 in interest earnings was added to the maintenance reserve account and \$28,500 was withdrawn to fund operations, resulting in a balance at June 30, 2018 of \$301,189, which is within the maximum allowed for the district of \$1,000,000.

**NOTE 6. EMERGENCY RESERVE ACCOUNT**

An Emergency reserve account may be established by the District for the accumulation of funds for emergency expenditures in subsequent fiscal years. This reserve account is maintained in the general fund and its activity is included in the general fund annual budget. During the 2017-18 school year, \$50,000 was withdrawn to fund operations, resulting in a balance at June 30, 2018 of \$200,000, which is within the maximum allowed for the district of \$250,000.

**NOTE 7. OPERATING LEASES**

As of the audit date, the District has commitments to lease two copiers under operating leases that expire in 2021. The District has the following lease payments remaining for their copiers:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 12,340
2020	12,340
2021	6,170
Total	<u>\$ 30,850</u>

The total operating lease payments made during the year ended June 30, 2018 were \$12,340.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retired</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That are Not Being Depreciated:				
Land	\$ -			\$ -
<b>Total Capital Assets Not Being Depreciated</b>				
Building and Building Improvements	11,672,992	\$ 159,815	56,873	11,889,680
Machinery and Equipment	757,708	5,958		763,666
<b>Totals at Historical Cost</b>	<b>12,430,700</b>	<b>165,773</b>	<b>56,873</b>	<b>12,653,346</b>
Less Accumulated Depreciation	(4,644,683)	(271,102)		(4,915,785)
<b>Total Capital Assets Being Depreciated, Net of Accumulated Depreciation</b>	<b>7,786,017</b>	<b>(105,329)</b>	<b>56,873</b>	<b>7,737,561</b>
<b>Government Activities Capital Assets, Net</b>	<b>\$ 7,786,017</b>	<b>\$ (105,329)</b>	<b>\$ 56,873</b>	<b>\$ 7,737,561</b>
				<b>To A-1</b>
Business-type Activities - Equipment	\$ 128,300			\$ 128,300
Less Accumulated Depreciation	(31,954)	(10,692)		(42,646)
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 96,346</b>	<b>\$ (10,692)</b>		<b>\$ 85,654</b>
Depreciation expense was charged to governmental function				
as follows:				
				\$ 271,102
		Unallocated		

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 9. GENERAL LONG-TERM DEBT**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
<b>Governmental Activities:</b>						
Bonds Payable	\$ 1,325,000	\$ -	\$ 180,000	\$ 1,145,000	\$ 180,000	\$ 965,000
Total Loans Payable	1,325,000		180,000	1,145,000	180,000	965,000
<b>Other Liabilities:</b>						
Unamortized Premium	48,324		7,116	41,208	7,116	34,092
Compensated Absences Payable	65,182	7,917		73,099	27,174	45,925
Total Other Liabilities	\$ 1,438,506	\$ 7,917	\$ 187,116	\$ 1,259,307	\$ 214,290	\$ 1,045,017

To A-1

**A. Bonds Payable** - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. School Refunding Bonds in the amount of \$2,016,000 were issued on April 15, 2014 payable in annual installments through April 2024. Interest is paid semi-annually at various interest rates between 3% and 4%.

**B. Bonds Authorized But Not Issued** - As of June 30, 2018, the District had no authorized but not issued bonds.

**C. Capital Leases** - There were no capital leases in force as of the end of the audit year

**NOTE 10. PENSION PLANS**

**Description of Plans** - All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the 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 the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The following represents the membership tiers for PERS and TPAF:

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System**

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

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

**Contributions** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$60,785 and \$51,618 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2018 was \$3,784,097. Payroll covered by PERS was \$534,355 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 39,222
District	<u>60,785</u>
Total	<u>\$ 100,007</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

<b>Public Employees Retirement System</b>					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2018	\$ <u>7,776</u>	\$ <u>48,421</u>	\$ <u>60,785</u>	\$ <u>N/A</u>	\$ <u>60,785</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. PENSION PLANS (CONT'D)**

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

**Components of Net Pension Liability** - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$1,484,486. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.006377% which was an increase of 0.00028% from its proportion measured as of June 30, 2016.

**Pension Expense and Deferred Outflows/Inflows of Resources** - The District's 2018 PERS pension expense, with respect to GASB 68, was \$107,694. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,955	\$
Changes of assumptions	299,073	297,976
Net difference between projected and actual earnings on pension plan investments	10,108	
Changes in proportion	99,022	70,894
Contributions subsequent to the measurement date	60,785	
Total	\$ 503,943	\$ 368,870

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year		PERS
2018	\$	16,873
2019		35,258
2020		42,085
2021		(22,962)
2022		3,034
Thereafter		
Total	\$	74,288

**Additional Information** - Collective Balances at June 30, 2018 and 2017 are as follows:

Year		6/30/2018		6/30/2017
Collective deferred outflows of resources	\$	503,943	\$	593,723
Collective deferred inflows of resources	\$	368,870	\$	96,959
Collective Net Pension Liability	\$	1,484,486	\$	1,806,727
District's Proportion		0.006377%		0.006100%



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. PENSION PLANS (CONT'D)**

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

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

	<b><u>PERS</u></b>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**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 allocation as of June 30, 2017 are summarized in the following table:

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. PENSION PLANS (CONT'D)**

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

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

**Discount Rate** - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. PENSION PLANS (CONT'D)**

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

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 1,841,606	\$ 1,484,486	\$ 1,186,961

**Teachers' Pension and Annuity Fund**

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Contributions** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (Continued)**

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

**Trend Information for TPAF (Paid on-behalf of the District)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	%	<u>Net Pension Obligation</u>
6/30/18	\$ 413,913	100	%	\$ N/A
6/30/17	199,705	100		N/A
6/30/16	199,705	100		N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$413,913 to the TPAF for pension contributions, \$267,337 for post-retirement benefits on behalf of the School, and \$1,223 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$206,284 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Components of Net Pension Liability** - At June 30, 2018, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

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

**Pension Expense** - For the year ended June 30, 2018, the District recognized pension expense of \$1,237,946 and revenue of \$1,237,946 for support provided by the State.

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

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (Continued)**

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (Continued)**

**Pension Plan Fiduciary Net Position** - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual local education employers.

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

**TPAF participant retirees**

As of June 30, 2017, there were 112,966 retirees receiving post retirement medical benefits and the State contributed \$1.39 billion on their behalf.

**PERS participant retirees**

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**Basis of Presentation**

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Total OPEB Liability**

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$15,729,493. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02932%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b>TPAF/ABP</b>	<b>PERS</b>
Inflation Rate	2.50%	2.50%
	Based on	Based on
Salary Increases:	Years of Service	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF and PERS, respectively.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**Health Care Trend Assumptions**

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

**Discount rate**

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

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance as of June 30, 2016 Measurement Date	\$ <u>17,011,765</u>
Changes for the year:	
Service cost	762,288
Interest cost	501,595
Changes of benefit terms	
Differences between expected and actual	
Changes in assumptions or other inputs	(2,195,242)
Member contributions	13,415
Gross benefit payments	(364,328)
Net changes	<u>(1,282,272)</u>
Balance as of June 30, 2017 Measurement Date	\$ <u>15,729,493</u>

**Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>June 30, 2017</b>		
	At 1.00% Decrease 2.58%	At Discount Rate 3.58%	At 1.00% Increase 4.58%
\$	63,674,362,200	53,639,841,858	45,680,364,953



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

		June 30, 2017			
		Healthcare Cost			
		Trend Rate	1.00% Increase		
	1.00% Decrease				
\$	44,113,584,560	53,639,841,858	66,290,599,457		

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

For the year ended June 30, 2018, the School District recognized OPEB expense of \$1,037,902. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$		\$
Changes of assumptions			1,860,264
Net difference between projected and actual earnings on OPEB plan investments			
Changes in proportion			41,892
Contributions subsequent to the measurement date			
<b>Total</b>	<b>\$</b>		<b>\$ 1,902,156</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,		OPEB
2018	\$	194,996
2019		194,996
2020		194,996
2021		194,996
2022		194,996
Thereafter		690,287
<b>Total</b>	<b>\$</b>	<b>1,665,267</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**Special Funding Situation**

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

**NOTE 12. COMPENSATED ABSENCES**

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

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

In the District wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, a liability existed for compensated absences in the General Fund of \$73,099 and none in the Food Service Fund.

**NOTE 13. 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 administrator is as follows: T. Rowe Price and Lincoln Financial.

**NOTE 14. 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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 14. RISK MANAGEMENT (CONT'D)**

**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 prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$	\$ 12,880	\$ 24,944	\$ 647
2016-2017		12,172	8,173	12,711
2015-2016		10,856	7,106	8,713

**NOTE 15. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 185,892	\$
Special Revenue Fund		167,229
Community Program		5,048
Food Service Fund		13,615
Total	<u>\$ 185,892</u>	<u>\$ 185,892</u>

**NOTE 16. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$2,507,982 General Fund balance at June 30, 2018, \$1,649,900 was restricted as excess surplus at June 30, 2018 in accordance with N.J.S.A. 18A:7F-7; (\$1,096,778 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$18,966 is Assigned for Encumbrances payable, \$572,976 is restricted for Capital Reserve Fund, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; 200,000 is restricted for Emergency Reserve Fund, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$301,189 is restricted for Maintenance Reserve; \$3,125 has been appropriated and included as anticipated revenue for the year ending June 30, 2019 and (\$238,174) is unreserved and undesignated.

**Debt Service Fund** - The Debt Service fund had no fund balance at June 30, 2018.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 17. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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 surplus fund balance of \$1,096,778 at June 30, 2018 must be budgeted in the 2018-19 budget and \$553,122 must be budgeted in the 2019-20 budget.

**NOTE 18. LITIGATION**

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

**NOTE 19. DEFICIT FUND BALANCES**

The \$238,174 deficit of fund balance in the General Fund as of June 30, 2018 and \$8,288 deficit in the Special Revenue Fund, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school 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, a deficit does not alone indicate that the District is facing financial difficulties. The General fund deficit of \$238,174 is less than the 19<sup>th</sup> and 20<sup>th</sup> payments received in July 2018 and the \$8,288 deficit in the Special Revenue Fund is equal to the 19<sup>th</sup> and 20<sup>th</sup> payments.

**NOTE 20. TAX ABATEMENT**

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.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 21. SUBSEQUENT EVENTS**

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

**End of Notes to Financial Statements**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,649,073	\$	\$ 1,649,073	\$ 1,649,073	\$
Interest on Investments-Capital Reserve	1,000		1,000	1,000	
Interest on Investments-Maintenance Reserve				750	750
Tuition from Individuals				6,475	6,475
Interest on Investments				8,084	8,084
Miscellaneous	5,000		5,000	97,322	92,322
<b>Total - Local Sources</b>	<b>1,655,073</b>		<b>1,655,073</b>	<b>1,762,704</b>	<b>107,631</b>
State Sources:					
Equalization Aid	4,180,760	3,125	4,183,885	4,183,885	
Special Education Categorical Aid	279,894		279,894	279,894	
Security Aid	79,030		79,030	79,030	
Categorical Transportation Aid	876,512		50,786	50,786	
School Choice Aid	50,786		876,512	876,512	
Under Adequacy Aid	30,122		30,122	30,122	
Prof Learning Comm Aid	4,730		4,730	4,730	
Additional Adjustment Aid	126,420		126,420	126,420	
PARCC Readiness Aid	5,180		5,180	5,180	
Per Pupil Growth Aid	5,180		5,180	5,180	
Non-public Transportation Aid				580	580
Extraordinary Aid				63,605	63,605
On-behalf TPAF Post - Retire Medical (non-budgeted)				267,337	267,337
On-behalf TPAF Pension Contributions (non-budgeted)				413,913	413,913
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				1,223	1,223
Reimbursement TPAF Social Security Contributions (non-budgeted)				206,284	206,284
<b>Total - State Sources</b>	<b>5,638,614</b>	<b>3,125</b>	<b>5,641,739</b>	<b>6,594,681</b>	<b>952,942</b>
<b>TOTAL REVENUES</b>	<b>\$ 7,293,687</b>	<b>\$ 3,125</b>	<b>\$ 7,296,812</b>	<b>\$ 8,357,385</b>	<b>\$ 1,060,573</b>
<b>EXPENDITURES:</b>					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 238,741	\$ (1,000)	\$ 237,741	\$ 232,213	\$ 5,528
Grades 1-5	774,549	5,744	780,293	780,293	
Grades 6-8	488,079	5,765	493,844	489,636	4,208
Home Instruction:					
Salaries of Teachers	5,000	(3,217)	1,783	360	1,423
Undistributed Instruction - Regular					
Other Salaries for Instruction	20,012	17,825	37,837	25,855	11,982
Purchased Technical Services	58,000	37,950	95,950	94,060	1,890
Other Purchased Services	18,000	(2,200)	15,800	15,793	7
General Supplies	155,000	(49,517)	105,483	101,626	3,857
Textbooks	20,000	(19,500)	500	404	96
<b>Total Regular Programs</b>	<b>1,777,381</b>	<b>(8,150)</b>	<b>1,769,231</b>	<b>1,740,240</b>	<b>28,991</b>



**BOROUGH OF FOLSOM SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Special Education:					
Resource Room:					
Salaries of Teachers	\$ 529,834	\$ 71,529	\$ 601,363	\$ 601,363	
Total Resource Room	529,834	71,529	601,363	601,363	
<b>TOTAL SPECIAL EDUCATION</b>	<b>529,834</b>	<b>71,529</b>	<b>601,363</b>	<b>601,363</b>	
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	241,328	(52,000)	189,328	158,362	30,966
Other Salaries for Instruction	2,000	(2,000)			
Total Basic Skills/Remedial - Instruction	243,328	(54,000)	189,328	158,362	30,966
School - Sponsored Co curricular Activities - Instruction:					
Salaries	13,896	6,680	20,576	20,576	
Other Objects	12,000	(3,000)	9,000	6,674	2,326
Total School - Sponsored Co curricular Activities - Instruction	25,896	3,680	29,576	27,250	2,326
School - Sponsored Athletics - Instruction:					
Salaries	17,151		17,151	12,307	4,844
Purchased Services	3,000		3,000	1,857	1,143
Other Objects	5,000	(1,205)	3,795	3,021	774
Total School - Sponsored Athletics - Instruction	25,151	(1,205)	23,946	17,185	6,761
<b>Total Instruction</b>	<b>2,601,590</b>	<b>11,854</b>	<b>2,613,444</b>	<b>2,544,400</b>	<b>69,044</b>
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's within State-Regular	739,044		739,044	739,044	
Tuition - Other LEA's within State-Special	241,250	(46,801)	194,449	193,330	1,119
Tuition - County Voc School Districts-Regular	115,928	26,229	142,157	142,157	
Tuition - County Voc School Districts-Special	18,000		18,000	18,000	
Tuition - CSSD & Regional Day Schools	85,000	43,467	128,467	128,439	28
Tuition - Private Schools for Disabled within State	450,000	(30,895)	419,105	392,119	26,986
Total Undistributed Expenditures - Instruction	1,649,222	(8,000)	1,641,222	1,613,089	28,133
Attendance and Social Work Services					
Salaries					
Purchased Professional and Technical Services					
<b>Total Attendance and Social Work Services</b>					
Health Services:					
Salaries	58,468	88	58,556	58,555	1
Purchased Professional and Technical Services	4,000		4,000	4,000	
Other Purchased Services	1,000	(88)	912	853	59
Supplies and Materials	5,000		5,000	4,979	21
<b>Total Health Services</b>	<b>68,468</b>		<b>68,468</b>	<b>68,387</b>	<b>81</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: CURRENT EXPENSES (Continued)</b>					
Undistributed Expenditures: (Continued)					
Other Support Services- Student- Related Services					
Salaries	\$ 52,207	\$ 2,455	\$ 54,662	\$ 54,662	
Purchased Professional- Educational Services	55,000	(7,000)	48,000	44,506	3,494
Supplies and Materials	2,000	(2,000)			
<b>Total Undist. Expend. - Other Supp Serv Student- Related Services</b>	<b>109,207</b>	<b>(6,545)</b>	<b>102,662</b>	<b>99,168</b>	<b>3,494</b>
Special Education - Extraordinary Services:					
Salaries		40,774	40,774	39,200	1,574
Supplies and Materials		1,000	1,000	802	198
<b>Total Undist. Expend. - Other Supp. Serv. - Extra. Services</b>		<b>41,774</b>	<b>41,774</b>	<b>40,002</b>	<b>1,772</b>
Guidance:					
Salaries of Other Professional Staff	54,828		54,828	32,897	21,931
Other Purchased Professional and Technical Services					
<b>Total Guidance</b>	<b>54,828</b>		<b>54,828</b>	<b>32,897</b>	<b>21,931</b>
Child Study Team:					
Salaries of Other Professional Staff	210,396		210,396	204,532	5,864
Salaries of Secretarial and Clerical Assistants	32,059	521	32,580	32,580	
Purchased Professional-Educational Services					
Other Purchased Professional & Technical Services	10,000	(2,021)	7,979	2,430	5,549
Misc Purchased Services	1,500		1,500	485	1,015
Supplies and Materials	4,500	500	5,000	4,660	340
<b>Total Child Study Team</b>	<b>258,455</b>	<b>(1,000)</b>	<b>257,455</b>	<b>244,687</b>	<b>12,768</b>
Improvement of Instruction Services/Other Support:					
Salaries of Superv of Instr.	90,257		90,257	90,257	
Salaries of Facilitators, Math, Literacy Coaches	75,000	(19,800)	55,200		55,200
Other Purchased Services	2500	1,300	3,800	3,574	226
<b>Total Improvement of Instruction Services/Other Support</b>	<b>167,757</b>	<b>(18,500)</b>	<b>149,257</b>	<b>93,831</b>	<b>55,426</b>
Educational Media Services - School Library					
Salaries	67,220		67,220	67,220	
Salaries of Technology Coordinators	73,545		73,545	71,545	2,000
Supplies and Materials	5,000		5,000	4,102	898
<b>Total Educational Media Services - School Library:</b>	<b>145,765</b>		<b>145,765</b>	<b>142,867</b>	<b>2,898</b>
Instructional Staff Training Services:					
Other Purchased Services	15,000	3,000	18,000	10,513	7,487
Supplies and Materials	3,000	(3,000)			
<b>Total Instructional Staff Training Services</b>	<b>18,000</b>		<b>18,000</b>	<b>10,513</b>	<b>7,487</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Salaries	\$ 72,507		\$ 72,507	\$ 71,274	\$ 1,233
Legal Services	20,000		20,000	7,183	12,817
Audit Fees	10,000		10,000	9,500	500
Architectural/Engineering Services	10,000		10,000	4,111	5,889
Other Purchased Professional Services	4,000	7,000	11,000	10,600	400
Communications - Telephone	18,000		18,000	9,033	8,967
Other Purchased Services	20,500	(1,900)	18,600	17,245	1,355
General Supplies	2,000		2,000	677	1,323
BOE In-House Training/Meeting Supplies	2,500		2,500		2,500
Miscellaneous Expenditures	10,235	(5,000)	5,235	4,605	630
BOE Membership Dues and Fees	7,000	(100)	6,900	3,430	3,470
<b>Total Support Services General Administration</b>	<b>176,742</b>	<b>-</b>	<b>176,742</b>	<b>137,658</b>	<b>39,084</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	65,107		65,107	65,106	1
Salaries of Secretarial and Clerical Assistants	62,419		62,419	61,344	1,075
Purchased Prof & Tech Services	15,000	2,248	17,248	4,390	12,858
Other Purchased Services	20,000		20,000	7,242	12,758
Supplies and Materials	25,000		25,000	12,107	12,893
Other Objects	10,000		10,000	3,129	6,871
<b>Total Support Services School Administration</b>	<b>197,526</b>	<b>2,248</b>	<b>199,774</b>	<b>153,318</b>	<b>46,456</b>
Central Services:					
Salaries	117,417	2,875	120,292	119,293	999
Purchased Professional Services	16,000	(2,875)	13,125	4,325	8,800
Purchased Technical Services	30,000	182	30,182	24,830	5,352
Misc Purchased Services	5,000		5,000	2,094	2,906
Supplies and Materials	7,000		7,000	3,495	3,505
Other Objects		15,000	15,000		15,000
<b>Total Central Services</b>	<b>175,417</b>	<b>15,182</b>	<b>190,599</b>	<b>154,037</b>	<b>36,562</b>
Required Maintenance for School Facilities:					
Salaries	71,042		71,042	66,447	4,595
Cleaning, Repair and Maintenance Services	20,000	73,334	93,334	87,737	5,597
Travel					
General Supplies	20,000	(4,000)	16,000	12,492	3,508
Other Objects	500	(250)	250	245	5
<b>Total Required Maintenance for School Facilities</b>	<b>111,542</b>	<b>69,084</b>	<b>180,626</b>	<b>166,921</b>	<b>13,705</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Undistributed Expenditures: (Continued)					
Other Operation and Maintenance of Plant Services:					
Salaries	\$ 112,283	\$ (12,210)	\$ 100,073	\$ 98,240	\$ 1,833
Salaries of Non-Instructional Aids	23,600		23,600	21,197	2,403
Purchased Professional and Technical Services					
Cleaning, Repair and Maintenance Services	30,000	(18,770)	11,230	9,893	1,337
Insurance	10,000	(4,500)	5,500	5,397	103
Miscellaneous Purchased Services	11,269	(11,269)			
General Supplies		19,769	19,769	16,848	2,921
Energy (Natural Gas)	20,000	(8,500)	11,500	10,708	792
Energy (Electricity)	110,000	(15,500)	94,500	94,484	16
<b>Total Other Operation and Maintenance of Plant Services</b>	<b>317,152</b>	<b>(50,980)</b>	<b>266,172</b>	<b>256,767</b>	<b>9,405</b>
Care and Upkeep of Grounds:					
Cleaning, Repair, & Maintenance	25,000	1,190	26,190	24,291	1,899
<b>Total Care and Upkeep of Grounds</b>	<b>25,000</b>	<b>1,190</b>	<b>26,190</b>	<b>24,291</b>	<b>1,899</b>
Security:					
Purchased Professional & Technical Services	500	72,402	72,902	64,723	8,179
<b>Total Security</b>	<b>500</b>	<b>72,402</b>	<b>72,902</b>	<b>64,723</b>	<b>8,179</b>
<b>Total Operation and Maintenance of Plant Services</b>	<b>454,194</b>	<b>91,696</b>	<b>545,890</b>	<b>512,702</b>	<b>33,188</b>
Student Transportation Services:					
Salaries for Pupil Trans (Between Home and School) - Reg.	8,806		8,806	7,708	1,098
Other Purchased Professional and Technical Services	10,000	(5,650)	4,350	4,350	
Contracted Services (Between Home and School) - Vendors	250,000	500	250,500	244,235	6,265
Contracted Services (Other than Betw. Home and Sch) - Vendors	15,000	(6,800)	8,200	6,462	1,738
Contracted Services (Home/School) - Joint Agreements	35,000	(12,437)	22,563	22,563	
Contracted Services (Sp Ed) - Joint Agreements	200,000	161,887	361,887	316,680	45,207
Contracted Services - Aid in Lieu of Payments - Non Pub Sch	2,500		2,500	2,500	
Contracted Services - Aid in Lieu of Payments - Choice Sch	2,500	(2,500)			
Contracted Services (Special Ed. Students) - ESCs	125,000	(125,000)			
<b>Total Student Transportation Services</b>	<b>648,806</b>	<b>10,000</b>	<b>658,806</b>	<b>604,498</b>	<b>54,308</b>
Allocated Benefits:					
Group Insurance - General Administration	1,500	1,500	3,000	2,808	192
Group Insurance - Central Services	1,500	(1,500)			
<b>Total Allocated Benefits/Total Personal Services - Employee Benefits</b>	<b>3,000</b>		<b>3,000</b>	<b>2,808</b>	<b>192</b>
Unallocated Benefits:					
Social Security Contributions	75,000		75,000	72,082	2,918
Other Retirement Contributions - PERS	60,000	1,000	61,000	60,785	215
Unemployment Compensation	5,000		5,000		5,000
Workmen's Compensation	20,000	(11,000)	9,000	6,277	2,723
Health Benefits	1,210,000	(78,101)	1,131,899	1,097,552	34,347
Tuition Reimbursement	15,000		15,000	7,822	7,178
Other Employee Benefits	10,000	3,550	13,550	13,550	
Unused Sick Payment to Terminated/Retired Staff	10,000	(10,000)			
<b>Total Unallocated Benefits/Total Personal Services - Employee Benefits</b>	<b>1,405,000</b>	<b>(94,551)</b>	<b>1,310,449</b>	<b>1,258,068</b>	<b>52,381</b>
<b>Total Personal Services - Employee Benefits</b>	<b>1,408,000</b>	<b>(94,551)</b>	<b>1,313,449</b>	<b>1,260,876</b>	<b>52,573</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
On-behalf TPAF Post - Retire Medical (Non-budgeted)	\$	\$	\$	\$ 267,337	\$ (267,337)
On-behalf TPAF Pension Contributions (Non-budgeted)				413,913	(413,913)
On-behalf TPAF Long-term Disability Contributions (Non-budgeted)				1,223	(1,223)
Reimbursement TPAF Social Security Contrib. (Non-budgeted)				206,284	(206,284)
Total Undistributed Expenditures	<u>5,532,387</u>	<u>32,304</u>	<u>5,564,691</u>	<u>6,057,287</u>	<u>(492,596)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>8,133,977</u>	<u>44,158</u>	<u>8,178,135</u>	<u>8,601,687</u>	<u>(423,552)</u>
<b>CAPITAL OUTLAY:</b>					
<b>Undistributed Expenditures:</b>					
<b>Equipment:</b>					
Required Maintenance for School Facilities		5,958	5,958	5,958	
Total Equipment		<u>5,958</u>	<u>5,958</u>	<u>5,958</u>	
<b>Facilities Acquisition and Construction Services:</b>					
Buildings Other Than Lease Purchase Agreements		159,815	159,815	159,815	
Assmt for Debt Service on SDA Funding	44,325		44,325	44,325	
Total Facilities Acquisition & Construction Services:	<u>44,325</u>	<u>159,815</u>	<u>204,140</u>	<u>204,140</u>	
<b>Capital Outlay:</b>					
Interest Deposit in Capital Reserve	1,000		1,000		1,000
TOTAL CAPITAL OUTLAY	<u>45,325</u>	<u>165,773</u>	<u>211,098</u>	<u>210,098</u>	<u>1,000</u>
TOTAL EXPENDITURES	<u>8,179,302</u>	<u>209,931</u>	<u>8,389,233</u>	<u>8,811,785</u>	<u>(422,552)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(885,615)	(206,806)	(1,092,421)	(454,400)	638,021
<b>Other Financing Sources (Uses):</b>					
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses	(885,615)	(206,806)	(1,092,421)	(454,400)	638,021
Fund Balances, July 1	3,514,741		3,514,741	3,514,741	
Fund Balances, June 30	\$ 2,629,126	\$ (206,806)	\$ 2,422,320	\$ 3,060,341	\$ 638,021

BOROUGH OF FOLSOM SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b><u>RECAPITULATION:</u></b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				\$ 572,976	
Maintenance Reserve				301,189	
Emergency Reserve				200,000	
Excess Surplus					
Designated for Subsequent Year's Expenditures				1,096,778	
Current Year				553,122	
<b>Assigned to:</b>					
Encumbrances Designated for Subsequent Year's Expenditures				18,966	
Designated for Subsequent Year's Expenditures				3,125	
<b>Unassigned</b>					
				314,185	
TOTAL				<u>3,060,341</u>	
<b>Reconciliation to Governmental Fund Statements (GAAP):</b>					
Last State Aid Payment not Recognized on GAAP Basis				(552,359)	
TOTAL				<u>\$ 2,507,982</u>	

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**BUDGET COMPARISON SCHEDULE - SPECIAL REVENUE FUND**  
**AS OF JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 216,901	\$ 11,701	\$ 228,602	\$ 228,602	\$
State Sources	82,880		82,880	82,880	
Other					
<b>Total Revenues</b>	<u>299,781</u>	<u>11,701</u>	<u>311,482</u>	<u>311,482</u>	
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	127,974		127,974	127,974	
Salaries - Other	20,286		20,286	20,286	
Purchased Services - Other (400-500 series)					
Tuition	95,424		95,424	95,424	
Supplies and Materials	29,935	11,701	41,636	41,636	
<b>Total Instruction</b>	<u>273,619</u>	<u>11,701</u>	<u>285,320</u>	<u>285,320</u>	
Support Services					
Salaries		1,700	1,700	1,700	
Employee Benefits	10,168		10,168	10,168	
Purchased Professional - Technical Services					
Purchased Professional Services					
Purchased Professional	6,800	6,000	12,800	12,800	
Other Purchased Services	9,194	(7,700)	1,494	1,494	
<b>Total Support Services</b>	<u>26,162</u>		<u>26,162</u>	<u>26,162</u>	
Facilities and Acquisition Costs					
Land and Improvements					
<b>Total Expenditures</b>	<u>299,781</u>	<u>11,701</u>	<u>311,482</u>	<u>311,482</u>	
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>					
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET-TO-GAAP RECONCILIATION**  
**NOTE TO RSI**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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	[C-1] \$	8,357,385	[C-2] \$	311,482
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		561,366		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(552,359)		(8,288)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>8,366,392</u>	[B-2] \$	<u>303,194</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	8,811,785	[C-2] \$	311,482
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>8,811,785</u>	[B-2] \$	<u>311,482</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.006377%	0.006100%	0.005816%	0.006590%	0.006404%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,484,486	\$ 1,806,727	\$ 1,305,654	\$ 1,233,919	\$ 1,223,911
District's Covered-Employee Payroll	\$ 534,355	\$ 920,342	\$ 816,195	\$ 679,954	\$ 843,874
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	277.81%	196.31%	159.97%	181.47%	145.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

BOROUGH OF FOLSOM SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 60,785	\$ 51,618	\$ 50,005	\$ 54,334	\$ 48,252
Contributions in Relation to the Contractually Required Contribution	(60,785)	(51,618)	(50,005)	(54,334)	(48,252)
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 534,355	\$ 920,342	\$ 816,195	\$ 679,954	\$ 843,874
Contributions as a Percentage of Covered-Employee Payroll	11.38%	5.61%	6.13%	7.99%	5.72%

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**TEACHER'S PENSION PLAN**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.026504%	0.024943%	0.022712%	0.024056%	0.023852%
State's Proportionate Share of the Net Pension Liability (asset) Associated with the District	\$ 17,870,042	\$ 19,621,951	\$ 14,355,143	\$ 12,857,003	\$ 12,054,695
District's Covered-Employee Payroll	\$ 2,308,048	\$ 2,734,492	\$ 2,585,071	\$ 2,585,071	\$ 2,271,486
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	774.25%	717.57%	555.31%	497.36%	530.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Borough of Folsom School District

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for five years. Additional years will be presented as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III**  
**Pension Schedules**  
**For the Fiscal Year Ended June 30, 2018**

**Teachers' Pension and Annuity Fund (TPAF)**

*Changes of benefit terms.* The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

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

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



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**Required Supplementary Information - Part III**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**State Health Benefit Local Education Retired Employees Plan**  
**Last Ten Fiscal Years**

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 762,288
Interest	501,595
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(2,195,242)
Member contributions	13,415
Benefit payments	(364,328)
<b>Net change in total OPEB liability</b>	<u>(1,282,272)</u>
<b>Total OPEB liability - beginning</b>	<u>17,011,765</u>
<b>Total OPEB liability - ending</b>	<u>\$ 15,729,493</u>
<b>Covered-employee payroll</b>	<u>\$ 2,842,403</u>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	553.39%

Notes to Schedule:

*Changes of benefit terms:* None

*Changes of assumptions:* The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Note: This schedule is presented to illustrate the requirement to show information 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**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>REVENUES:</b>			
State Sources	\$	\$ 82,880	\$ 82,880
Federal Sources	228,602		228,602
<b>Total Revenues</b>	<u>228,602</u>	<u>82,880</u>	<u>311,482</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	70,881	57,093	127,974
Salaries - Other Instruction		20,286	20,286
Tuition	95,424		95,424
Supplies and Materials	41,636		41,636
<b>Total Instruction</b>	<u>207,941</u>	<u>77,379</u>	<u>285,320</u>
<b>Support Services:</b>			
Salaries	1,700		1,700
Employee Benefits	4,667	5,501	10,168
Purchased Professional Services	12,800		12,800
Other Purchased Services	1,494		1,494
<b>Total Support Services</b>	<u>20,661</u>	<u>5,501</u>	<u>26,162</u>
<b>Total Expenditures</b>	<u>228,602</u>	<u>82,880</u>	<u>311,482</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>



BOROUGH OF FOLSOM SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 57,093	\$ 57,093	
Other Salaries for Instruction	20,286	20,286	
<b>Total Instruction</b>	<b>77,379</b>	<b>77,379</b>	
<b>Support:</b>			
Personal Services - Employee Benefits	5,501	5,501	
<b>Total Support Services</b>	<b>5,501</b>	<b>5,501</b>	
<b>Facilities Acquisition and Const. Services:</b>			
Instructional Equipment			
Non-instructional Equipment			
<b>Total Facilities Acquisition and Const. Services:</b>			
<b>Total Expenditures</b>	<b>\$ 82,880</b>	<b>\$ 82,880</b>	<b>\$</b>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2017-18 Preschool Education Aid Allocation	\$ 82,880	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2017)		(2)
Add: Budgeted Transfer from the General Fund 2017-18		(3)
Total Preschool Education Aid Funds Available for 2017-18 Budget	82,880	(4)
Less: 2017-18 Budgeted Preschool Education Aid (including prior year budget carryover)	(82,880)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018		(6)
Add: June 30, 2018 Unexpended Preschool Education Aid		(7)
Less: 2017-18 Commissioner-approved Transfer to the General Fund		(8)
2017-18 Carryover - Preschool Education Aid/Preschool Programs	\$	(9)
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2018-19	\$	(10)

## **CAPITAL PROJECTS FUND DETAIL STATEMENT**

**N/A**

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

## **PROPRIETARY FUND DETAIL STATEMENTS**

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

**Food Services Fund** - This fund provides for the operation of food services for the schools within the school district.

**Internal Service Funds** - This fund is used to serve organizational units within the district or to serve other governmental units.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS  
B-4, B-5 AND B-6.**



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2018 AND 2017**

	Community	Food Service Enterprise	Totals	
	<u>Program</u>	<u>Fund</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS:</b>				
Current Assets:				
Cash	\$ 41,277	\$ 41,694	\$ 82,971	\$ 78,172
Accounts Receivable:				
State		136	136	97
Federal		6,012	6,012	4,555
Other	8,004	528	8,532	2,275
Inventory		2,933	2,933	
Total Current Assets	<u>49,281</u>	<u>51,303</u>	<u>100,584</u>	<u>85,099</u>
Fixed Assets:				
Equipment		128,300	128,300	128,300
Accumulated Depreciation		(42,646)	(42,646)	(31,954)
Total Fixed Assets		<u>85,654</u>	<u>85,654</u>	<u>96,346</u>
Total Assets	<u>\$ 49,281</u>	<u>\$ 136,957</u>	<u>\$ 186,238</u>	<u>\$ 181,445</u>
<b>LIABILITIES AND FUND EQUITY:</b>				
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	\$	\$ 4,526	\$ 4,526	\$ 1,193
Interfunds Payable	5,048	13,615	18,663	18,159
Unearned Revenue	5,887	3,147	9,034	
Total Current Liabilities	<u>10,935</u>	<u>21,288</u>	<u>32,223</u>	<u>19,352</u>
Total Liabilities	<u>10,935</u>	<u>21,288</u>	<u>32,223</u>	<u>19,352</u>
Net Position:				
Investment in Fixed Assets		85,654	85,654	96,346
Net Position	38,346	30,015	68,361	65,747
Total Net Position	<u>38,346</u>	<u>115,669</u>	<u>154,015</u>	<u>162,093</u>
Total Liabilities and Fund Equity	<u>\$ 49,281</u>	<u>\$ 136,957</u>	<u>\$ 186,238</u>	<u>\$ 181,445</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>Community</u>	<u>Food Service</u>	<u>Totals</u>	
	<u>Program</u>	<u>Enterprise</u>	<u>2018</u>	<u>2017</u>
		<u>Fund</u>		
<b>OPERATING REVENUES:</b>				
Local Sources:				
Daily Sales				
Reimbursable Programs	\$	\$ 65,572	\$ 65,572	\$ 55,356
Non-Reimbursable Sales		32,709	32,709	31,463
Program Fees	76,835		76,835	80,482
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenue	76,835	98,281	175,116	167,301
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OPERATING EXPENSES:</b>				
Cost of Sales - Reimbursable		67,700	67,700	75,345
Cost of Sales - Non Reimbursable		12,586	12,586	
Salaries	5,048	70,263	75,311	69,879
Employee Benefits		19,889	19,889	21,152
Other Purchased Service	58,638		58,638	45,994
General Supplies	10,138	3,569	13,707	12,060
Depreciation		10,692	10,692	3,109
Other		9,686	9,686	13,950
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	73,824	194,385	268,209	241,489
	<hr/>	<hr/>	<hr/>	<hr/>
Operating (Loss) Income	3,011	(96,104)	(93,093)	(74,188)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Non-Operating Revenues:</b>				
State Sources:				
State School Lunch Program		1,651	1,651	1,394
Federal Sources:				
National School Lunch Program		52,776	52,776	72,350
National School Breakfast Program		20,392	20,392	8,591
Food Distribution Program		10,108	10,108	155
Interest	88		88	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	88	84,927	85,015	82,490
	<hr/>	<hr/>	<hr/>	<hr/>
Net (Loss) Income before Operating Transfers	3,099	(11,177)	(8,078)	8,302
	<hr/>	<hr/>	<hr/>	<hr/>
Net (Loss) Income	3,099	(11,177)	(8,078)	8,302
	<hr/>	<hr/>	<hr/>	<hr/>
Net Position - July 1	35,247	126,846	162,093	153,791
	<hr/>	<hr/>	<hr/>	<hr/>
Net Position - June 30	\$ 38,346	\$ 115,669	\$ 154,015	\$ 162,093
	<hr/>	<hr/>	<hr/>	<hr/>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2018 AND 2017**

	<u>Community</u>	<u>Food Service</u>	<u>Totals</u>	
	<u>Program</u>	<u>Enterprise</u>	<u>2018</u>	<u>2017</u>
		<u>Fund</u>		
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 76,835	\$ 98,281	\$ 175,116	\$ 167,301
Payments to Employees	(5,048)	(90,152)	(95,200)	(91,030)
Payments to Suppliers	(65,845)	(94,287)	(160,132)	(148,891)
Net Cash Used by Operating Activities	<u>5,942</u>	<u>(86,158)</u>	<u>(80,216)</u>	<u>(72,620)</u>
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund			0	8,097
Cash Received from State and Federal Reimbursements		84,927	84,927	81,494
Net Cash Provided by Noncapital Financing Activities		<u>84,927</u>	<u>84,927</u>	<u>89,591</u>
Cash Flows from Investing Activities				
Interest on Investments	88		88	155
Net Cash Provided by Investing Activities	<u>88</u>		<u>88</u>	<u>155</u>
Net Increase/(Decrease) in Cash	6,030	(1,231)	4,799	17,126
Cash and Cash Equivalents, July 1	35,247	42,925	78,172	61,046
Cash and Cash Equivalents, June 30	<u>\$ 41,277</u>	<u>\$ 41,694</u>	<u>\$ 82,971</u>	<u>\$ 78,172</u>
Operating Income (Loss)	\$ 3,011	\$ (96,104)	\$ (93,093)	\$ (74,188)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation		10,692	10,692	3,110
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	(8,004)	(2,024)	(10,028)	
Decrease/(Increase) in Inventory		(658)	(658)	
Decrease/(Increase) in Other Current Assets				(251)
(Decrease)/Increase in Accounts Payable		3,333	3,333	(1,291)
(Decrease)/Increase in Interfund Payable	5,048	(4,544)	504	
(Decrease)/Increase in Deferred Revenue	5,887	3,147	9,034	
Net Cash Used by Operating Activities	<u>\$ 5,942</u>	<u>\$ (86,158)</u>	<u>\$ (80,216)</u>	<u>\$ (72,620)</u>

## FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)**

	Unemployment Compensation Expendable Trust	Agency	Student Activity	Payroll	Total	
					2018	2017
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 2,960	\$ 23,565			\$ 26,525	\$ 23,055
Total Assets	2,960	23,565			26,525	23,055
<b>LIABILITIES:</b>						
Liabilities:						
Accounts Payable	2,313				2,313	
Due to Student Groups		23,565			23,565	23,055
Total Liabilities	2,313	23,565			25,878	23,055
<b>NET POSITION:</b>						
Held in Trust for Unemployment Claims and Other Purposes	647				647	
Total Net Postion	\$ 647	\$	\$	\$	647	\$

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**UNEMPLOYMENT COMPENSATION EXPENDABLE TRUST**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**ADDITIONS:**

Contributions

Board Contributions \$ 12,880

Total Contributions 12,880

Investment Earnings

Interest 36

Net Investment Earnings 36

Total Additions 12,916

**DEDUCTIONS:**

Quarterly Contribution Reports

Unemployment Claims 24,980

Total Deductions 24,980

Change in Net Position (12,064)

Net Position - July 1, 2017 12,711

Net Position - June 30, 2018 \$ 647

BOROUGH OF FOLSOM SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1,</u> <u>2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
ELEMENTARY SCHOOL	\$ 23,055	\$ 46,480	\$ 45,970	\$	\$ 23,565

BOROUGH OF FOLSOM SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$	\$ 5,279,166	\$ 5,279,166	\$
	<u>\$</u>	<u>\$ 5,279,166</u>	<u>\$ 5,279,166</u>	<u>\$</u>
	<u><u>\$</u></u>	<u><u>\$ 5,279,166</u></u>	<u><u>\$ 5,279,166</u></u>	<u><u>\$</u></u>
<b>LIABILITIES:</b>				
Net Payroll	\$	\$ 2,237,146	\$ 2,237,146	\$
Payroll Deductions and Withholdings		3,042,020	3,042,020	
		<u>3,042,020</u>	<u>3,042,020</u>	
Total Liabilities and Reserves	\$	\$ 5,279,166	\$ 5,279,166	\$
	<u>\$</u>	<u>\$ 5,279,166</u>	<u>\$ 5,279,166</u>	<u>\$</u>
	<u><u>\$</u></u>	<u><u>\$ 5,279,166</u></u>	<u><u>\$ 5,279,166</u></u>	<u><u>\$</u></u>



## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

BOROUGH OF FOLSOM SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS  
JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	4/15/14	\$ 2,016,000	4/15/19	\$ 180,000	3.00%	\$ 1,325,000	\$	\$ 180,000	\$ 1,145,000
School Additions			4/15/20	185,000	3.00%				
			4/15/21	185,000	4.00%				
			4/15/22	190,000	4.00%				
			4/15/23	200,000	4.00%				
			4/15/24	205,000	4.00%				
						<u>\$ 1,325,000</u>	<u>\$</u>	<u>\$ 180,000</u>	<u>\$ 1,145,000</u>

**FOLSOM SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 219,055	\$	\$ 219,055	\$ 219,055	\$
State Sources:					
Debt Service Aid Type II					
<b>Total Revenues</b>	219,055		219,055	219,055	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	49,350		49,350	49,350	
Redemption of Principal	180,000		180,000	180,000	
<b>Total Expenditures</b>	229,350		229,350	229,350	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,295)		(10,295)	(10,295)	
Other Financing Sources:					
Operating Transfers In:					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(10,295)		(10,295)	(10,295)	
Fund Balance, July 1	10,295		10,295	10,295	
Fund Balance, June 30	\$ -	\$	\$ -	\$ -	\$
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Undesignated Fund Balance	\$	\$	\$	\$	\$

**STATISTICAL SECTION**

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
*(UNAUDITED)*

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 5,238,266	\$ 5,238,266	\$ 5,816,175	\$ 5,775,867	\$ 6,235,525	\$ 6,100,073	\$ 6,256,419	\$ 6,307,354	\$ 6,461,017	\$ 6,592,561
Restricted	736,670	890,770	1,907,815	2,504,918	2,760,779	3,312,451	2,908,823	3,151,649	3,275,036	2,727,190
Unrestricted (Deficit)	714,597	783,046	(445,471)	(370,853)	(428,133)	(392,690)	(1,335,935)	(1,657,047)	(1,796,735)	(1,700,087)
<b>Total Governmental Activities Net Position</b>	<b>\$ 6,689,533</b>	<b>\$ 6,912,082</b>	<b>\$ 7,278,519</b>	<b>\$ 7,909,932</b>	<b>\$ 8,568,171</b>	<b>\$ 9,019,834</b>	<b>\$ 7,829,307</b>	<b>\$ 7,801,956</b>	<b>\$ 7,939,318</b>	<b>\$ 7,619,664</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 117,031	\$ 114,219	\$ 111,406	\$ 111,894	\$ 108,784	\$ 105,675	\$ 102,735	\$ 99,456	\$ 96,346	\$ 85,654
Unrestricted	30,694	46,052	80,519	81,018	78,168	62,243	54,159	54,335	65,747	68,361
<b>Total Business-Type Activities Net Position</b>	<b>\$ 147,725</b>	<b>\$ 160,271</b>	<b>\$ 191,925</b>	<b>\$ 192,912</b>	<b>\$ 186,952</b>	<b>\$ 167,918</b>	<b>\$ 156,894</b>	<b>\$ 153,791</b>	<b>\$ 162,093</b>	<b>\$ 154,015</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 5,355,297	\$ 5,352,485	\$ 5,927,581	\$ 5,887,761	\$ 6,344,309	\$ 6,205,748	\$ 6,359,154	\$ 6,406,810	\$ 6,557,363	\$ 6,678,215
Restricted	736,670	890,770	1,907,815	2,504,918	2,760,779	3,312,451	2,908,823	3,151,649	3,275,036	2,727,190
Unrestricted (Deficit)	745,291	829,098	(364,952)	(289,835)	(349,965)	(330,447)	(1,281,776)	(1,602,712)	(1,730,988)	(1,631,726)
<b>Total District-Wide Net Position</b>	<b>\$ 6,837,258</b>	<b>\$ 7,072,353</b>	<b>\$ 7,470,444</b>	<b>\$ 8,102,844</b>	<b>\$ 8,755,123</b>	<b>\$ 9,187,752</b>	<b>\$ 7,986,201</b>	<b>\$ 7,955,747</b>	<b>\$ 8,101,411</b>	<b>\$ 7,773,679</b>

Source: CAFR Schedule A-1

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
**(UNAUDITED)**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 2,242,097	2,314,655	2,458,409	2,689,576	2,887,694	2,697,071	3,192,428	3,430,488	3,977,265	3,671,132
Special Education	356,933	380,943	411,681	414,240	509,740	574,286	699,065	816,046	1,046,806	1,248,846
School Activities	18,731	20,782	27,508	32,186	28,011	39,223	43,391	41,028	38,324	
Other Special Instruction	7,800	28,550	31,570	39,205	31,716	93,449	153,734	139,245	235,425	408,709
<b>Support Services</b>										
Tuition	1,124,988	1,208,794	1,560,744	1,586,429	1,290,739	1,506,640	1,618,985	1,391,048	1,460,488	1,613,089
Student and Instruction Related Services	697,894	774,867	874,874	811,893	840,211	970,186	1,136,299	1,380,153	1,431,748	1,449,756
General and Business Administrative Services	167,771	152,365	158,955	163,628	171,411	159,162	201,586	189,373	266,115	214,398
School Administrative Services	153,647	168,914	196,148	237,399	231,113	210,277	201,074	323,997	313,169	289,466
Central Services and Information Technology	156,964	127,543	118,931	126,076	134,798	119,700	132,942	156,659	160,400	282,479
Plant Operations and Maintenance	383,554	387,421	426,050	383,704	385,899	412,567	528,337	464,676	448,798	712,842
Pupil Transportation	498,002	496,899	342,363	356,346	417,280	489,381	512,263	551,766	520,097	612,799
Capital Outlay			36,018	20,946	28,746	44,325	44,325	44,325	47,841	
Interest on Long-Term Debt	114,024	109,908	101,974	97,457	91,458	100,782	57,934	53,072	47,617	85,149
Unallocated Depreciation and Amortization	192,039	211,556	226,859	241,328	246,671	264,647	271,879	274,209	255,762	271,102
<b>Total Governmental Activities Expenses</b>	<b>6,114,444</b>	<b>6,383,197</b>	<b>6,972,084</b>	<b>7,200,413</b>	<b>7,295,487</b>	<b>7,681,696</b>	<b>8,794,242</b>	<b>9,256,085</b>	<b>10,249,855</b>	<b>10,859,767</b>
<b>Business-Type Activities</b>										
<b>Food Service</b>										
Community Program										194,385
Proprietary Fund	172,888	182,553	157,637	189,879	191,220	217,971	212,944	207,505	241,489	73,824
<b>Total Business-Type Activities Expense</b>	<b>172,888</b>	<b>182,553</b>	<b>157,637</b>	<b>189,879</b>	<b>191,220</b>	<b>217,971</b>	<b>212,944</b>	<b>207,505</b>	<b>241,489</b>	<b>268,209</b>
<b>Total District Expenses</b>	<b>\$ 6,287,332</b>	<b>6,565,750</b>	<b>7,129,721</b>	<b>7,390,292</b>	<b>7,486,707</b>	<b>7,899,667</b>	<b>9,007,186</b>	<b>9,463,590</b>	<b>10,491,344</b>	<b>11,127,976</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions	\$ 736,065	1,230,664	985,693	1,018,790	1,166,540	1,067,982	1,716,171	2,126,169	2,682,628	785,103
Charges for Services										
<b>Total Governmental Activities Program Revenues</b>	<b>736,065</b>	<b>1,230,664</b>	<b>985,693</b>	<b>1,018,790</b>	<b>1,166,540</b>	<b>1,067,982</b>	<b>1,716,171</b>	<b>2,126,169</b>	<b>2,682,628</b>	<b>785,103</b>
<b>Business-Type Activities</b>										
<b>Charges for Services</b>										
Food Service	100,550	100,032	106,518	93,554	84,981	88,944	97,562	115,185	167,301	98,281
Community Program										76,835
Operating Grants and Contributions	85,929	95,059	82,768	97,290	100,250	109,974	104,331	89,009	82,335	84,927
<b>Total Business-Type Activities Program Revenues</b>	<b>186,479</b>	<b>195,091</b>	<b>189,286</b>	<b>190,844</b>	<b>185,231</b>	<b>198,918</b>	<b>201,893</b>	<b>204,194</b>	<b>249,636</b>	<b>260,043</b>
<b>Total District Program Revenues</b>	<b>\$ 922,544</b>	<b>1,425,755</b>	<b>1,174,979</b>	<b>1,209,634</b>	<b>1,351,771</b>	<b>1,266,900</b>	<b>1,918,064</b>	<b>2,330,363</b>	<b>2,932,264</b>	<b>1,045,146</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (5,378,379)	(5,152,533)	(5,986,391)	(6,181,623)	(6,128,947)	(6,613,714)	(7,078,071)	(7,129,916)	(7,567,227)	#####
Business-Type Activities	13,591	12,538	31,649	965	(5,989)	(19,053)	(11,051)	(3,311)	8,147	(8,166)
<b>Total District-Wide Net Expense</b>	<b>\$ (5,364,788)</b>	<b>(5,139,995)</b>	<b>(5,954,742)</b>	<b>(6,180,658)</b>	<b>(6,134,936)</b>	<b>(6,632,767)</b>	<b>(7,089,122)</b>	<b>(7,133,227)</b>	<b>(7,559,080)</b>	<b>#####</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Local Tax Levy	\$ 1,653,118	1,653,118	1,606,664	1,742,324	1,766,197	1,800,667	1,780,009	1,816,288	1,842,888	1,868,128
Unrestricted Grants and Contributions	4,466,993	4,466,993	4,690,444	5,059,334	5,014,780	5,227,393	5,276,061	5,267,097	5,478,052	7,790,969
Tuition Received										
Investment Earnings	5,047	5,047	254	554	1,007	640	757	10,190	10,577	9,834
Miscellaneous Income	29,896	29,896	53,200	10,825	5,202	36,678	269	8,990	373,073	29,205
Prior Year Fixed Asset Adjustment										56,873
Transfers			2,265							
<b>Total Governmental Activities</b>	<b>6,155,054</b>	<b>6,155,054</b>	<b>6,352,827</b>	<b>6,813,037</b>	<b>6,787,186</b>	<b>7,065,378</b>	<b>7,057,096</b>	<b>7,102,565</b>	<b>7,704,590</b>	<b>9,755,009</b>
<b>Business-Type Activities</b>										
Investment Earnings	42	42	6	21	28	18	26	208	155	88
<b>Total Business-Type Activities</b>	<b>42</b>	<b>42</b>	<b>6</b>	<b>21</b>	<b>28</b>	<b>18</b>	<b>26</b>	<b>208</b>	<b>155</b>	<b>88</b>
<b>Total District-Wide</b>	<b>\$ 6,155,096</b>	<b>6,155,096</b>	<b>6,352,833</b>	<b>6,813,058</b>	<b>6,787,214</b>	<b>7,065,396</b>	<b>7,057,122</b>	<b>7,102,773</b>	<b>7,704,745</b>	<b>9,755,097</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 776,675	1,002,521	366,436	631,414	658,239	451,664	(20,975)	(27,351)	137,363	(319,655)
Business-Type Activities	13,633	12,580	31,655	986	(5,961)	(19,035)	(11,025)	(3,103)	8,302	(8,078)
<b>Total District-Wide</b>	<b>\$ 790,308</b>	<b>1,015,101</b>	<b>398,091</b>	<b>632,400</b>	<b>652,278</b>	<b>432,629</b>	<b>(32,000)</b>	<b>(30,454)</b>	<b>145,665</b>	<b>(327,733)</b>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**FUND BALANCES-GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*  
**(UNAUDITED)**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$	\$	\$ 1,713,264	\$ 2,420,183	\$ 2,907,014	\$ 3,072,276	\$ 3,160,063	\$ 2,983,960	\$ 3,059,926	\$ 2,727,190
Assigned - Encumbrances			194,549	84,734	229,070	229,880	38,465	157,394	204,815	18,966
Unassigned (Deficit)			(289,420)	(248,924)	(286,434)	(306,269)	(296,629)	(276,236)	(311,366)	(238,174)
Reserved	1,852,846	1,974,590								
Unreserved	(239,419)	(309,101)								
<b>Total General Fund</b>	<b>\$ 1,613,427</b>	<b>\$ 1,665,489</b>	<b>\$ 1,618,393</b>	<b>\$ 2,255,993</b>	<b>\$ 2,849,650</b>	<b>\$ 2,995,887</b>	<b>\$ 2,901,899</b>	<b>\$ 2,865,118</b>	<b>\$ 2,953,375</b>	<b>\$ 2,507,982</b>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$ 1	\$ 1	\$ 10,296	\$ 10,296	\$ 10,296	\$ 10,296	\$
Unassigned, Reported in:										
Special Revenue Fund (Deficit)										(8,288)
Debt Service Fund	1	1	1							
<b>Total All Other Governmental Funds</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 10,296</b>	<b>\$ 10,296</b>	<b>\$ 10,296</b>	<b>\$ 10,296</b>	<b>\$ (8,288)</b>

Source: CAFR Schedule B-1

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 1,653,118	\$ 1,657,919	\$ 1,708,638	\$ 1,742,324	\$ 1,766,197	\$ 1,800,667	\$ 1,780,009	\$ 1,816,288	\$ 1,842,888	\$ 1,868,128
Tuition Charges	25,000	59,511	53,200						98,028	6,475
Interest Earnings	5,047	551	254	554	1,007	640	757	10,190	10,577	9,834
Miscellaneous	4,896	7,022	2,265	10,825	5,202	36,678	269	8,990	275,045	97,322
State Sources	4,954,710	3,775,517	5,336,392	5,678,897	5,960,352	6,076,069	6,197,824	6,309,480	6,426,487	6,678,280
Federal Sources	248,348	1,105,196	237,771	399,226	220,967	219,306	225,369	192,146	259,876	228,602
Other Sources										
<b>Total Revenues</b>	<b>6,891,119</b>	<b>6,605,716</b>	<b>7,338,520</b>	<b>7,831,826</b>	<b>7,953,725</b>	<b>8,133,360</b>	<b>8,204,228</b>	<b>8,337,094</b>	<b>8,912,901</b>	<b>8,888,641</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,693,931	1,809,189	1,840,956	1,977,796	2,087,149	2,025,008	2,060,927	1,998,513	2,016,313	2,025,560
Special Education Instruction	273,158	297,007	308,541	300,936	373,669	423,186	452,303	472,682	531,381	601,363
School Activities	18,731	20,782	27,508	32,186	28,011	39,223	43,391	41,028	38,324	
Other Special Instruction	7,800	28,550	31,570	39,205	31,716	93,449	153,734	139,245	235,425	202,797
<b>Support Services</b>										
Tuition	1,124,988	1,208,794	1,560,744	1,586,429	1,290,739	1,506,640	1,618,985	1,391,048	1,460,488	1,613,089
Student and Instruction Related Services	534,093	604,133	655,688	589,821	615,923	714,920	735,198	799,431	726,785	748,346
General Administrative Services	128,394	118,793	119,131	118,872	125,654	117,285	130,428	109,691	135,086	137,658
School Administrative Services	117,585	131,695	147,006	172,465	169,419	154,951	130,097	187,670	158,971	153,318
Central Services and Information Technology	156,964	127,543	118,931	126,076	134,798	119,700	132,942	156,659	160,400	154,037
Plant Operations and Maintenance	383,554	387,421	426,050	383,704	385,899	412,567	528,337	464,676	448,798	512,702
Pupil Transportation	498,002	496,899	342,363	356,346	417,280	489,381	512,263	551,766	520,097	604,498
Employee Benefits	842,526	836,755	1,026,693	1,189,718	1,227,844	1,226,607	1,330,683	1,630,747	1,879,161	2,159,801
Capital Outlay	316,441	236,216	536,127	71,965	229,260	417,497	242,878	199,470	287,265	210,098
Debt Service	245,107	249,908	244,308	248,708	242,707	276,568	226,050	231,250	226,150	
Principal										180,000
Interest and Other Charges										49,350
<b>Total Expenditures</b>	<b>6,341,274</b>	<b>6,553,685</b>	<b>7,385,616</b>	<b>7,194,227</b>	<b>7,360,068</b>	<b>8,016,982</b>	<b>8,298,216</b>	<b>8,373,876</b>	<b>8,824,644</b>	<b>9,352,617</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	549,845	52,032	(47,096)	637,600	593,657	116,377	(93,988)	(36,781)	88,257	(463,976)
<b>Other Financing Sources (Uses)</b>										
Capital Lease										
<b>Total Other Financing Sources (Uses)</b>										
<b>Net Change in Fund Balances</b>	<b>\$ 549,845</b>	<b>\$ 52,032</b>	<b>\$ (47,096)</b>	<b>\$ 637,600</b>	<b>\$ 593,657</b>	<b>\$ 116,377</b>	<b>\$ (93,988)</b>	<b>\$ (36,781)</b>	<b>\$ 88,257</b>	<b>\$ (463,976)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	4.07%	3.96%	3.57%	3.49%	3.40%	3.64%	2.81%	2.83%	2.65%	2.51%

Source: CAFR Schedule B-2



BOROUGH OF FOLSOM SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
*(UNAUDITED)*

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Contract</u> <u>Settlement</u>	<u>Misc.</u>	<u>Total</u>
2018	\$ 6,475	\$ 9,834	\$ 97,322	\$	\$	\$ 113,631
2017				275,000	45	275,045
2016					8,990	8,990
2015					269	269
2014					36,678	36,678
2013					5,202	5,202
2012					10,825	10,825
2011					2,265	2,265
2010					7,022	7,022
2009					4,896	4,896

Source: District Records

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Improvement	Total Taxable Value of Land and Improvement	Residential	Farm Regular	Qfarm	Commercial	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>o</sup>	Estimated Actual (County Equalized Value)
2018*	\$ 6,093,800	\$	\$	\$ 131,563,200	\$ 929,200	\$ 266,800	\$ 34,512,600	\$ 173,365,600		\$ 173,365,600	1.080	\$ 166,457,609
2017	25,006,990	82,929,909	107,936,899							107,936,899	1.730	103,636,005
2016	24,973,990	82,565,909	107,539,899							107,539,899	1.713	172,782,614
2015	24,962,390	83,196,509	108,158,899						290,014	108,448,913	1.675	169,922,595
2014	25,539,890	82,207,309	107,747,199						249,452	107,996,651	1.649	184,665,229
2013	25,547,200	80,585,309	106,132,509						339,674	106,472,183	1.910	181,909,830
2012	25,459,800	80,076,709	105,536,509						343,266	105,879,775	1.668	190,260,153
2011	25,541,300	79,829,000	105,370,300						327,372	105,697,672	1.648	189,123,370
2010	25,638,300	80,214,500	105,852,800						354,702	106,207,502	1.609	208,168,369
2009	25,645,500	79,412,300	105,057,800						369,512	105,427,312	1.573	202,588,993

Source: District records tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

\* Reassessed

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate Per \$100 of Assessed Value)*  
*(UNAUDITED)*

Year Ended June 30,	Borough of Folsom Board of Education			Overlapping Rates			Total
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Local	County	Total	
2018 *	0.953	0.127	1.080	0.384	0.540	0.924	2.004
2017	1.730	0.000	1.730	0.616	0.894	1.510	3.240
2016	1.713	0.000	1.713	0.607	0.804	1.411	3.124
2015	1.675	0.000	1.675	0.661	0.715	1.376	3.051
2014	1.649	0.000	1.649	0.59	0.816	1.406	3.055
2013	1.691	0.000	1.691	0.570	0.802	1.372	3.063
2012	1.668	0.000	1.668	0.556	0.678	1.234	2.902
2011	1.648	0.000	1.648	0.556	0.647	1.203	2.851
2010	1.609	0.000	1.609	0.538	0.632	1.170	2.779
2009	1.573	0.000	1.573	0.519	0.580	1.099	2.672

\* First Year of Reassessment

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

- a** The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b** Rates for debt service are based on each year's requirements.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
 (UNAUDITED)

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
SOUTH JERSEY INDUSTRIES	\$ 6,306,500	1	3.64%	\$ 5,461,400	1	5.18%
IBEW LOCAL 351	3,120,700	2	1.80%	879,000	8	0.83%
LABORERS LOCAL 172-174	2,613,300	3	1.51%	899,100	7	0.85%
C & E CANNERS, INC	2,378,400	4	1.37%	1,308,700	3	1.24%
AMERICAN GALVANIZING CO	2,246,500	5	1.30%	1,577,800	2	1.50%
TAXPAYER #1	1,616,400	6	0.93%	1,036,800	5	0.98%
KERR C/O DUCHARMR, MCMILLRN & ASSOC	1,260,400	7	0.73%			0.00%
TAXPAYER #2			0.00%	902,800	6	0.86%
CREAMER FOLSOM ASSOC.	1,221,600	8	0.70%	800,600	9	0.76%
BODON INDUSTRIES, INC	1,204,100	9	0.69%	741,800	10	0.70%
KERR CONCRETE			0.56%	1,222,800	4	1.16%
HEFFCO PROPERTY MGMT	970,000	10				
Total	<u>\$ 22,937,900</u>		<u>13.23%</u>	<u>\$ 14,830,800</u>		<u>14.07%</u>

Source: District CAFR & Municipal Tax Assessor

BOROUGH OF FOLSOM SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
*(UNAUDITED)*

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>% of Levy</u>	
2018	\$ 1,868,128	\$ 1,868,128	100%	\$
2017	1,842,888	1,842,888	100%	
2016	1,816,288	1,816,288	100%	
2015	1,780,009	1,780,009	100%	
2014	1,800,667	1,800,667	100%	
2013	1,766,197	1,766,197	100%	
2012	1,742,324	1,742,324	100%	
2011	1,708,638	1,708,638	100%	
2010	1,657,919	1,657,919	100%	
2009	1,653,118	1,653,118	100%	

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income <sup>a</sup>		Per Capita <sup>a</sup>	
2018	\$ 1,145,000	\$	\$	\$	\$ 1,145,000	1.40%	\$ 633	
2017	1,325,000				1,325,000	1.63%	730	
2016	1,495,000				1,495,000	1.85%	820	
2015	1,665,000				1,665,000	2.10%	904	
2014	1,825,000				1,825,000	2.35%	985	
2013	2,026,000				2,026,000	2.67%	1,089	
2012	2,176,000				2,176,000	2.88%	1,164	
2011	2,326,000				2,326,000	3.11%	1,236	
2010	2,466,000				2,466,000	3.42%	1,310	
2009	2,606,000				2,606,000	3.56%	1,366	

Source: District CAFR Schedules I-1, I-2

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

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2018	* \$ 1,145,000	\$	\$ 1,145,000	0.69%	\$ 633
2017	1,325,000		1,325,000	1.23%	730
2016	1,495,000		1,495,000	1.39%	820
2015	1,665,000		1,665,000	1.54%	904
2014	1,825,000		1,825,000	1.69%	985
2013	2,026,000		2,026,000	1.90%	1,089
2012	2,176,000		2,176,000	2.06%	1,164
2011	2,326,000		2,326,000	2.20%	1,236
2010	2,466,000		2,466,000	2.32%	1,310
2009	2,606,000		2,606,000	2.47%	1,366

\* First Year of Reassessment

**Note:** Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2018**  
**(UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of the School District	\$ 1,145,000	100%	\$ 1,145,000
Debt Repaid with Property Taxes			
Local Municipality	408,995	100%	408,995
Other Debt			
County of Atlantic	155,902,988	0.55%	853,330
Subtotal, Overlapping Debt			<u>2,407,325</u>
Borough of Folsom School District Direct Debt			
Total Direct and Overlapping Debt			<u><u>\$ 2,407,325</u></u>

Sources: Folsom Township Finance Officer and Salem County Finance Office

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Folsom. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

**Legal Debt Margin Calculation for Fiscal Year 2018**

	<u>Equalized Valuation Basis</u>	
	2017	\$ 163,342,465
	2016	172,782,614
	2015	167,454,558
	[A]	\$ 503,579,637
Average Equalized Valuation of Taxable Property	[A/3]	\$ 167,859,879
Debt Limit (3% of Average Equalization Value)	[B]	5,035,796 <sup>a</sup>
Net Bonded School Debt	[C]	1,145,000
Legal Debt Margin	[B-C]	\$ 3,890,796

	<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>	<u>2018</u>
Debt Limit	\$ 5,560,587	\$ 5,930,685	\$ 6,145,402	\$ 5,833,420	\$ 5,566,062	\$ 5,489,599	\$ 5,273,674	\$ 5,146,844	\$ 5,079,893	\$ 5,035,796
Total Net Debt Applicable to Limit	2,606,000	2,466,000	2,326,000	2,176,000	2,026,000	1,825,000	1,665,000	1,495,000	1,325,000	1,145,000
Legal Debt Margin	\$ 2,954,587	\$ 3,464,685	\$ 3,819,402	\$ 3,657,420	\$ 3,540,062	\$ 3,664,599	\$ 3,608,674	\$ 3,651,844	\$ 3,754,893	\$ 3,890,796
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	46.87%	41.58%	37.85%	37.30%	36.40%	33.24%	31.57%	29.05%	26.08%	22.74%

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>	
2018	*	1,810	\$ 81,709,745	\$ 45,144	6.60%
2017		1,815	81,124,220	44,697	6.90%
2016		1,823	80,675,042	44,254	7.40%
2015		1,841	79,115,134	42,974	8.60%
2014		1,853	77,724,085	41,945	10.20%
2013		1,861	76,018,128	40,848	6.40%
2012		1,870	75,641,500	40,450	6.10%
2011		1,882	74,749,276	39,718	6.10%
2010		1,882	72,090,010	38,305	6.10%
2009		1,908	73,167,984	38,348	5.90%

\*Estimate

**Source:**

<sup>a</sup> For Atlantic County, Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A Not Available at time of Audit

BOROUGH OF FOLSOM SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
*(UNAUDITED)*

<u>Employer*</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
BORGATA HOTEL CASINO & SPA	5,938	11.59%		
FAA TECHNICAL CENTER	4,500	8.78%	Not Available	
HARD ROCK HOTEL & CASINO	4,393	8.57%		
OCEAN RESORT CASINO	3,791	7.40%		
RESORTS CASINO & HOTEL	** 2,700	5.27%		

Source: Atlantic County Economic Resource Guide

\* Atlantic County

\*\* Estimate

**BOROUGH OF FOLSOM SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

<u>Function/Program</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>	<u>2018</u>
Instruction										
Regular	29.5	29.5	29.5	29.7	30.0	29.0	31.0	32.0	31.0	30.0
Special Education	6.6	6.6	6.6	7.7	7.7	7.8	10.0	10.0	11.0	12.0
Other Special Education									1.0	1.0
Vocational										
Other Instruction	1.0	1.0	1.0	1.0	2.4	2.4		1.3	3.0	3.0
Support Services:										
Tuition										
Student & Instruction Related Services	6.1	6.1	6.1	6.2	6.2	6.0	7.0	7.0	6.0	6.0
General Administrative Services	1.5	1.5	1.5	0.7	0.7	1.0	1.0	1.0	1.0	1.0
School Administrative Services	1.5	1.5	1.5	2.3	2.3	2.3	4.0	4.0	4.0	4.0
Business Administrative Services	2.7	2.7	2.7	1.7	1.7	1.7	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	4.0	4.0	4.0	5.2	4.5	4.5	4.0	4.0	4.0	4.0
Other							1.3	1.0	1.3	1.3
Food Service	3.1	3.1	3.1	2.9	3.6	3.6	3.3	3.3	2.5	3.3
Community Program								2.0	2.0	2.0
<b>Total</b>	<b>56.0</b>	<b>56.0</b>	<b>56.0</b>	<b>57.4</b>	<b>59.1</b>	<b>58.3</b>	<b>63.6</b>	<b>67.6</b>	<b>68.8</b>	<b>69.6</b>

Source: District Personnel Records

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Fiscal Year</u>	<u>Enrollment (d)</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup> (e)</u>	<u>Average Daily Attendance (ADA)<sup>c</sup> (e)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2018	465	\$ 8,913,169	\$ 19,168	12.78%	46.0	8.65 : 1	395.1	379.4	-1.47%	96.03%
2017	489	8,311,229	16,996	4.21%	43.3		401	387	-3.25%	96.51%
2016	487	7,943,155	16,310	5.20%	43.3		415	400	0.00%	96.39%
2015	505	7,829,288	15,504	7.55%	41.0		415	400	-3.15%	96.39%
2014	508	7,322,917	14,415	2.89%	39.2		435	413	2.48%	94.94%
2013	508	7,117,361	14,011	4.89%	37.6		424	403	2.03%	95.05%
2012	520	6,945,519	13,357	-0.51%	37.4		418	395	3.67%	94.50%
2011	492	6,605,182	13,425	5.65%	37.1		400	381	0.79%	95.25%
2010	478	6,067,562	12,707	9.05%	37.1		399	378	-2.58%	94.74%
2009	496	5,779,726	11,653	0.12%	37.1		407	388	-2.37%	95.33%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

- a) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b) Teaching staff includes only full-time equivalents of certificated staff.
- c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d) Includes grades K-12
- e) Includes grades K-8

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

	<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>	<u>2018</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
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 (Students)	435	435	435	435	435	435	435	435	435	435
Enrollment	407	399	403	418	424	435	415	415	401	398

Number of Schools at June 30, 2018

    Elementary = 1

    Middle School = 0

    Other = 0

**Source:** District records, ASSA

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

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Folsom School	57,507	\$ 166,921	\$ 129,633	\$ 149,576	\$ 104,646	\$ 86,997	\$ 112,947	\$ 108,188	\$ 120,416	\$ 88,191	\$ 124,975
Total School Facilities		<u>166,921</u>	<u>129,633</u>	<u>149,576</u>	<u>104,646</u>	<u>86,997</u>	<u>112,947</u>	<u>108,188</u>	<u>120,416</u>	<u>88,191</u>	<u>124,975</u>
Other Facilities											
Grand Total		<u>\$ 166,921</u>	<u>\$ 129,633</u>	<u>\$ 149,576</u>	<u>\$ 104,646</u>	<u>\$ 86,997</u>	<u>\$ 112,947</u>	<u>\$ 108,188</u>	<u>\$ 120,416</u>	<u>\$ 88,191</u>	<u>\$ 124,975</u>

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
 (UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Atlantic and Cape May Counties School Business Officials Joint Insurance Fund	Property, Inland Marine and Automobile Physical Damages	\$	\$
	Limit of Liability - Per Occurrence	175,000,000	
	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	20,000,000	
	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	20,000,000		
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 - Pollution Incident		25,000	
Member District Deductible - Mold Incident		100,000	
Cyber Liability			
Limit of Liability	1,000,000		
ACCASBOJIF Self Insured Retention	None		
Member District Deductible		25,000	
Violent Malicious Acts			
Limit of Liability	1,000,000		
ACCASBOJIF Self Insured Retention	None		
Member District Deductible		15,000	
Disaster Management Services			
Limit of Liability	2,000,000		
ACCASBOJIF Self Insured Retention	None		
Member District Deductible		15,000	
RLI Insurance Company	Surety Bonds		
	Treasurer	173,000	
	Board Secretary/Business Administrator	25,000	

Source: District Records



**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

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*Certified Public Accountants*

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## 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 AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Borough of Folsom School District  
County of Atlantic, New Jersey 08037

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board of Education of the Borough of Folsom School District's basic financial statements, and have issued our report thereon dated January 25, 2019.

#### Internal Control Over Financial Reporting

In planning and performing our of the financial statements, we considered the Borough of Folsom Board of Education's internal control over financial reporting 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 Borough of Folsom Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Folsom Board of Education's internal control over financial reporting.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Folsom Board of Education'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Borough of Folsom Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
January 25, 2019

# **NIGHTLINGER, COLAVITA & VOLPA**

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## **REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

### **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Folsom School District  
County of Atlantic, New Jersey 08037

#### **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Folsom School District's major federal and state programs for the fiscal year ended June 30, 2018. The Borough of Folsom Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

#### **Auditor's Responsibility**

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

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

### Opinion on Each Major Program

In our opinion, the Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

### Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

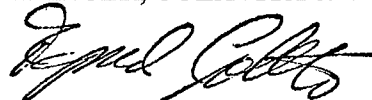
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled ***Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance*** dated January 25, 2019. 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 Uniform Guidance and New Jersey Treasury Circular OMB 15-08.

This report is intended solely for the information and use of management, the Borough of Folsom Board of Education, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA  
Licensed Public School Accountant No. 915  
January 25, 2019

**BOROUGH OF FOLSOM SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2017			Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	June 30, 2018		
				From	To		(Accounts Receivable)	Unearned Revenue	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor
<b>U.S. Department of Education</b>															
General Fund															
Total General Fund															
<b>U.S. Department of Agriculture</b>															
Passed-through State Department of Education:															
Enterprise Fund:															
Child Nutrition Cluster:															
Cash Assistance:															
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/17	6/30/18	\$ 52,776	\$	\$	48,494	\$ (52,776)	\$	(52,776)	(4,282)	\$	\$
National School Lunch Program	10.555	161NJ304N1099	N/A	7/1/16	6/30/17	70,594	(4,430)		4,430						
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/17	6/30/18	20,392			18,662	(20,392)		(20,392)	(1,730)		
National School Breakfast Program	10.553	161NJ304N1099	N/A	7/1/16	6/30/17	1,756	(125)		125						
Non-Cash Assistance:															
Food Distribution Program	10.565	Unknown	N/A	7/1/17	6/30/18	10,108			10,108	(9,195)		(9,195)		913	
Total Enterprise Fund															
							(4,555)		81,819	(82,363)		(82,363)	(6,012)	913	
<b>U.S. Department of Education</b>															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I, Part A	84.010A	S010A170030	NCLB-1350-18	7/1/17	6/30/18	75,548			75,548	(75,548)		(75,548)			
Title I, Part A	84.010A	S010A160030	NCLB-1350-17	7/1/16	6/30/17	76,252	(44,739)		44,739						
Title II, Part A	84.367A	S367A170029	NCLB-1350-18	7/1/17	6/30/18	7,494			7,494	(7,494)		(7,494)			
Title II, Part A	84.367A	S367A160029	NCLB-1350-17	7/1/16	6/30/17	12,401	(8,999)		8,999						
Title IV	84.424	S424A170031	NCLB-1350-18	7/1/17	6/30/18	10,000			10,000	(10,000)		(10,000)			
REAP	84.358A	S358A170944	REAP-1350-18	7/1/17	6/30/18	35,571			35,571	(35,571)		(35,571)			
IDEA Cluster:															
I.D.E.A. Part B	84.027	H027A170100	IDEA-1350-18	7/1/17	6/30/18	95,424			95,424	(95,424)		(95,424)			
I.D.E.A. Preschool	84.173	H173A170114	IDEAPS-1350-18	7/1/17	6/30/18	4,565			4,565	(4,565)		(4,565)			
Total Special Revenue Fund															
							(53,738)		282,340	(228,602)		(228,602)			
Total Federal Financial Awards															
							\$ (58,293)	\$	\$ 364,159	\$ (310,965)	\$	\$ (310,965)	\$ (6,012)	\$ 913	\$

(A) There were no awards passed through to subrecipients.

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with the Uniform Guidance since the total of all grant expenditures did not exceed \$750,000.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Balance at June 30, 2018			MEMO		
					(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>														
General Fund														
Equalization Aid	17-495-034-5120-078	7/1/16	6/30/17	\$ 304,277	\$ (30,874)		\$ 30,874							
Equalization Aid	18-495-034-5120-078	7/1/17	6/30/18	4,183,885			3,774,257	\$ (4,183,885)	\$ (409,628)			* \$ (409,628)	\$ 4,183,885	
Special Education Categorical Aid	17-495-034-5120-089	7/1/16	6/30/17	71,518	(7,257)		7,257							
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	279,894			252,491	(279,894)	(27,403)			* (27,403)	279,894	
Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	55,004	(5,581)		5,581							
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	50,786			45,814	(50,786)	(4,972)			* (4,972)	50,786	
Security Aid	17-495-034-5120-084	7/1/16	6/30/17	21,003	(2,131)		2,131							
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	79,030			71,293	(79,030)	(7,737)			* (7,737)	79,030	
Adjustment Aid	17-495-034-5120-085	7/1/16	6/30/17	80,596	(8,178)		8,178							
School Choice Aid	17-495-034-5120-068	7/1/16	6/30/17	469,345	(47,623)		47,623							
School Choice Aid	18-495-034-5120-068	7/1/17	6/30/18	876,512			790,696	(876,512)	(85,816)			* (85,816)	876,512	
Under Adequacy Aid	17-495-034-5120-096	7/1/16	6/30/17	4,066	(413)		413							
Under Adequacy Aid	18-495-034-5120-096	7/1/17	6/30/18	30,122			27,173	(30,122)	(2,949)			* (2,949)	30,122	
Additional Adjustment Aid	17-495-034-5120-085	7/1/16	6/30/17	10,915	(1,108)		1,108							
Additional Adjustment Aid	18-495-034-5120-085	7/1/17	6/30/18	126,420			114,043	(126,420)	(12,377)			* (12,377)	126,420	
PARCC Readiness aid	17-495-034-5120-098	7/1/16	6/30/17	1,580	(160)		160							
PARCC Readiness aid	18-495-034-5120-098	7/1/17	6/30/18	5,180			4,673	(5,180)	(507)			* (507)	5,180	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	6/30/17	1,580	(160)		160							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	5,180			4,673	(5,180)	(507)			* (507)	5,180	
Prof Learning Comm Aid	17-495-034-5120-101	7/1/16	6/30/17	1,540	(156)		156							
Prof Learning Comm Aid	18-495-034-5120-101	7/1/17	6/30/18	4,730			4,267	(4,730)	(463)			* (463)	4,730	
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	580				(580)	(580)			* (580)	580	
Extraordinary Aid	18-495-034-5120-044	7/1/17	6/30/18	63,605				(63,605)	(63,605)			* (63,605)	63,605	
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	7/1/16	6/30/17	199,799	(10,009)		10,009							
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	7/1/17	6/30/18	206,284			206,284	(206,284)				* (206,284)	206,284	
<b>Total General Fund</b>														
					(113,650)		5,409,314	(5,912,208)	(616,544)			(552,359)	5,912,208	
<b>Special Revenue Fund</b>														
Preschool Education Aid														
	18-495-034-5120-086	7/1/17	6/30/18	82,880			74,592	(82,880)	(8,288)			* (8,288)	82,880	
							74,592	(82,880)	(8,288)			(8,288)	82,880	
<b>State Department of Agriculture</b>														
Enterprise Fund:														
National School Lunch Prog. (State Share)	17-100-010-3350-023	7/1/16	6/30/17	1,394	(97)		97							
National School Lunch Prog. (State Share)	18-100-010-3350-023	7/1/17	6/30/18	1,651			1,515	(1,651)	(136)			* (136)	1,651	
<b>Total Enterprise Fund</b>					(97)		1,612	(1,651)	(136)				1,651	
<b>Total State Financial Assistance Subject to OMB 15-08</b>					\$ (113,747)		\$ 5,485,518	\$ (5,996,739)	\$ (624,968)			\$ (560,647)	\$ 5,996,739	
<b>State Financial Assistance Not Subject to OMB 15-08</b>														
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	7/1/17	6/30/18	267,337			\$ 267,337	\$ (267,337)						
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	7/1/17	6/30/18	413,913			413,913	(413,913)						
On-behalf TPAF Long-term Disability Cont	18-495-034-5094-004	7/1/17	6/30/18	1,223			1,223	(1,223)						
<b>Total State Financial Assistance</b>							\$ 6,167,991	\$ (6,679,212)						

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2018**

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on 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 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey Treasury Circular OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the 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 a modified accrual basis with the exception of the revenue recognition of the 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 one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2



**BOROUGH OF FOLSOM SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2018**  
**(Continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,007 for the general fund and \$(8,288) for the special revenue fund. See Note 1 (the 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. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 6,603,688	\$ 6,603,688
Special Revenue Fund	228,602	74,592	303,194
Food Service Fund	<u>83,276</u>	<u>1,651</u>	<u>84,927</u>
Total Financial Assistance	\$ <u>311,878</u>	\$ <u>6,679,931</u>	\$ <u>6,991,809</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: FEDERAL AND STATE LOANS OUTSTANDING

The Folsom School District had no loan balances outstanding during the year ended June 30, 2018.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. 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, 2018.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

BOROUGH OF FOLSOM SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? \_\_\_\_\_ yes X no  
none reported
- 2) Significant deficiencies identified? \_\_\_\_\_ yes X reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes X no

Federal Awards      N/A

Internal control over major programs:

- 1) Material weakness (es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no  
none reported
- 2) Significant deficiencies identified? \_\_\_\_\_ Yes \_\_\_\_\_ reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
N/A		

Dollar threshold used to distinguish between type A and type B programs (section 518): N/A

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**BOROUGH OF FOLSOM SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)**

**Section I - Summary of Auditor's Results (continued)**

**State Awards**

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

Auditee qualified as low-risk auditee?     X     yes                          no

Internal control over major programs:

1) Material weakness (es) identified?                          yes     X     no

2) Significant deficiencies identified that  
are not considered to be material  
weaknesses?                          yes     X     none  
reported

Type of auditor's report issued on compliance for major programs:     Unmodified    

Any audit findings disclosed that are required to  
be reported in accordance with NJ OMB  
Circular Letter 15-08 as applicable?                          yes     X     no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-096	Under Adequacy Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-085	Additional Adjustment Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5120-068	School Choice Aid

**BOROUGH OF FOLSOM SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

**Finding:** No matters were reported.

**Criteria or specific requirement:**

**Condition:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

BOROUGH OF FOLSOM SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)

Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

**FEDERAL AWARDS - N/A**

**Finding:**

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

**STATE AWARDS - N/A**

**Finding:**

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**BOROUGH OF FOLSOM SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

**STATUS OF PRIOR - YEAR FINDINGS**

There were no prior year findings.