

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, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Borough of Folsom Board of Education

Folsom, New Jersey

For the Fiscal Year Ended June 30, 2019

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, 2019**

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INTRODUCTORY SECTION



FOLSOM ELEMENTARY SCHOOL

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FOLSOM, NJ 08037

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Matthew Mazzone, Ed.D.

Superintendent

Christopher R. Veneziani

Business Administrator

Michele L. Hetzel

Director of Curriculum &

Instruction

November 13, 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, 2019, 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 2018-2019 fiscal year with an enrollment of 401 students, which is 3 more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Annual Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018-19	401	0.75%
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%

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 2018-2019 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:

Folsom School District is excited to be a part of the pilot program in the Connected Action Roadmap (CAR) Framework utilizing the Blended Online Learning Modules for Professional Learning Communities (PLCs). The goal of the CAR Framework is to focus on strengthening the capacity of educators in New Jersey schools to work effectively in Professional Learning Communities using the CAR Framework and the Blended Online Learning Modules to strengthen educator practice and student learning.

The first step Folsom took with the CAR Framework was to identify a leadership team called the Folsom Leadership Team (FLT). The FLT will be in the forefront of implementation and support for the program at Folsom. The goal is for the FLT to meet twice a month to discuss program implementation and how teachers can be supported in the process.

In addition to the Folsom Leadership Team (FLT), teachers continue to meet weekly during common planning periods to address grade level and district goals. Folsom staff continue to receive training in the Danielson Observation Tool, the development of quality SGOs, and other components of Achieve NJ provided in-district using resources available through the NJDOE.

The District continues to purchase and install upgraded hardware and software, in accordance with the adopted Technology Plan. The district continues to implement digital content to support the instructional program and provide opportunities of differentiated learning for diverse student learners. For example, digital text books for middle school math and social studies were adopted and utilized during the 2018-2019 school year. With the expansion of the implementation of Google Classroom, the district continues to provide individual Chromebooks to middle school students in the 2018 -2019 school year.

Assessment is a vital step to measuring student progress at Folsom School District. The implementation of Strategies GOLD in PK and K programs has been a valuable tool to progress monitor students in the early grade levels. Furthermore, Folsom continues to use the NWEA MAP assessment 3 times per year to identify students' growth in the areas of mathematics and ELA. Lastly, student reading levels are assessed at least 2 times each year using Fountas & Pinnell screening tools up to grade 5 for general education students and grade up to grade 8 for students with IEPs or in a Title I Basic Skills program.

The district uses Realtime for Student Information System, Teacher Evaluation, Student Support management (IEP, I&RS, 504), and Notification systems. The teaching staff continued to use Realtime for digital submission of lesson plans in the 2018-2019 school year. Teachers utilize web-based platforms such as Google Classroom, Class Dojo, and Remind to maintain consistent communication between school and home.

The teaching staff, under the guidance of administration, continue to develop and improve all content areas of the curriculum. The curriculum PK-8 subject matter can be accessed from the school website under the curriculum tab. 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 2018-2019 school year include addition of Audio Visual Production, Computer Applications, and Computer Technology.

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: Financial Literacy, Technology, Engineering, and Design; Digital Photography, Graphic Design, Computer Applications, Let Me Learn, and the student-run Falcon Television Network.

Programs - All regular and extracurricular programs were maintained during the 2018-2019 SY.

The Talented and Gifted (TAG) Enrichment Program continues to serve the entire elementary population in grades K-5 on a weekly basis. The TAG program for students in grades 6-8 occurs approximately twice a week for students meeting the TAG program eligibility criteria using multiple measures.

The Title I Basic Skills Instruction (BSI) program continues to support students with skills deficits as identified through the Intervention and Referral Services (I&RS) referral process. The Title I BSI program resembles a "push-in" model in grades K-5 for targeted small group instruction within the classroom. Furthermore, grades 6-8 basic skills instruction reflects supplemental targeted instruction support during a What I Need (WIN) period in the area of English Language Arts and mathematics. The identified BSI teachers use progress monitoring to track student progress throughout the school year

Presently, students receive electives in a 60-minute period each day that consists of Music, Art, Physical Education, Spanish, Financial Literacy, and Digital Arts. In addition to the elective period, the students are able to experience more electives during the newly developed What I Need (WIN) period. This period provides further opportunities for the students to experience electives such as band, technology, engineering, & design, graphic design, digital photography, health, and social and emotional learning. Weekly lessons during morning meetings and health in grades PK-5 include similar, age and developmentally appropriate instruction.

Folsom is focused on improving student success in the content area of mathematics. Folsom is addressing the math curriculum and instruction through the services of a math consultant. The services are being provided through the Southern Regional Institute (SRI) and Educational Technology Training Center (ETTC). The math consultant is working closely with math educators once a month in regard to curriculum and pedagogy practices.

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, 2019.

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, 2019 the District's outstanding debt included \$965,000 of general obligation bonds. The amount of unvoted debt available is \$4,093,255, 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 are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Borough of Folsom School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the 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 Mazzone

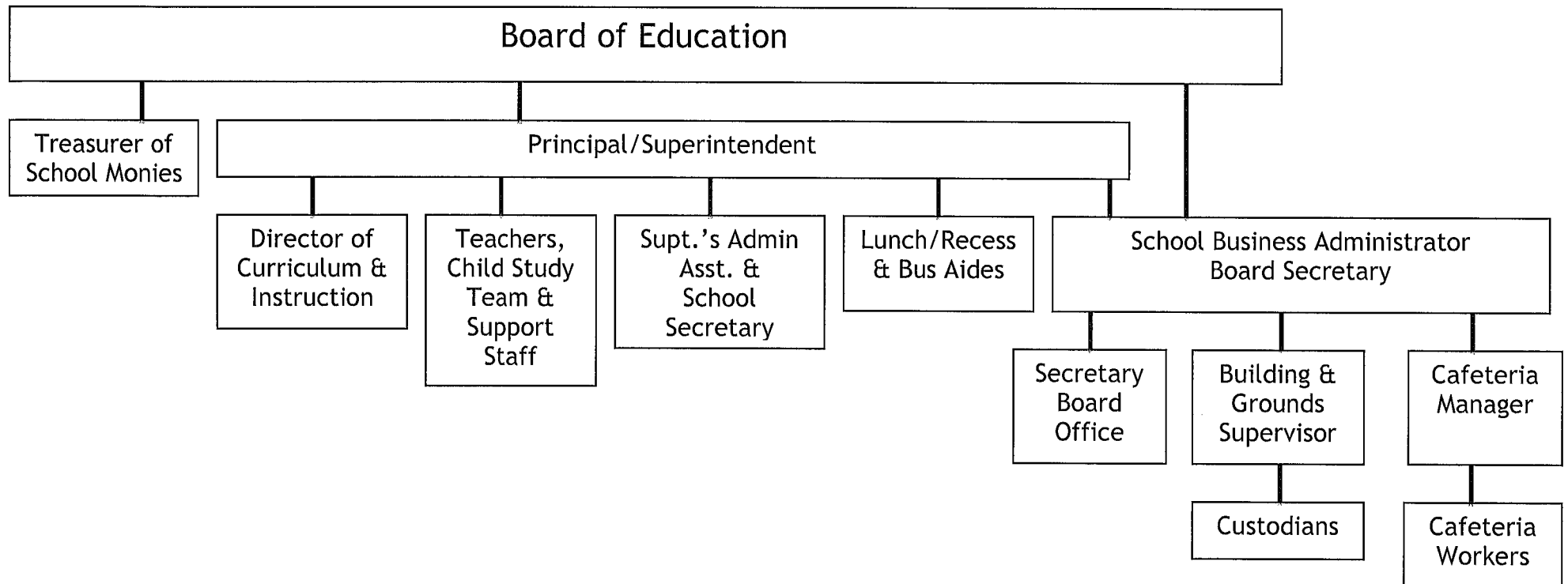
Dr. Matthew Mazzone, Chief School Administrator

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, 2019

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Glenn Smith, President	2020
Lisa O'Toole, Vice President	2020
Daria DeStefano	2021
Marisa Scibilia	2019
Tiffani Dych	2021
John Thomas	2021
Andrea Way	2019
<u>OTHER OFFICIALS</u>	<u>Amount of Bond</u>
Dr. Matthew Mazzoni, Chief School Administrator	
Christopher Veneziani, School Business Administrator	\$ 25,000
Beverly Mateo	180,000
William Donio, Solicitor	

BOROUGH OF FOLSOM BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
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FINANCIAL SECTION

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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, 2019, 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, 2019, 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 November 13, 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

November 13, 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, 2019**

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, 2019. 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, 2019 year include the following:

- Net Position for Governmental and Business-Type activities was \$6,880,052 and \$117,439 totaling \$6,997,491.
- Net Position decreased by \$739,612 in Governmental Activities and \$36,576 in the Business-Type activities.
- The fund balance of the General Funds as of June 30, 2019 was \$1,971,017, which is a decrease of \$536,965 when compared with the beginning balance of \$2,507,982.
- The District's outstanding bonded debt at June 30, 2019 is \$965,000.

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,	
	2019	2018	2019	2018
Current and Other Assets	\$ 2,067,025	\$ 2,540,185	\$ 51,753	\$ 81,921
Capital Assets	7,351,455	7,737,561	75,225	85,654
Deferred Outflows	509,796	503,943		
Total Assets	9,928,276	10,781,689	126,978	167,575
Long-Term Liabilities	2,433,175	2,743,793		
Other Liabilities	109,973	49,362	9,539	13,560
Deferred Inflows	505,076	368,870		
Total Liabilities	3,048,224	3,162,025	9,539	13,560
Net Position				
Invested in Capital Assets	6,386,455	6,592,561	75,225	85,654
Restricted	2,128,563	2,727,190		
Unrestricted	(1,634,966)	(1,700,087)	42,214	68,361
Total Net Position	\$ 6,880,052	\$ 7,619,664	\$ 117,439	\$ 154,015

Summary of Changes in Net Position

	Governmental Activities		Business Activities		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenues						
Program Revenue						
Charges for Services	\$	\$	\$ 151,163	\$ 175,116	\$ 151,163	\$ 175,116
Grants and Entitlements	753,268	785,103	77,105	84,927	830,373	870,030
General Revenue						
Property Taxes	1,871,223	1,868,128			1,871,223	1,868,128
Grants and Entitlements	7,427,487	7,790,969			7,427,487	7,790,969
Other	(87,178)	95,912	168	88	(87,010)	96,000
Total Revenues	9,964,800	10,540,112	228,436	260,131	10,193,236	10,800,243
Expenses						
Instruction	4,999,464	2,829,720			4,999,464	2,829,720
Support Services	3,564,760	2,310,559			3,564,760	2,310,559
Tuition	1,727,441	1,613,089			1,727,441	1,613,089
Employee Benefits		3,750,148				3,750,148
Interest on Debt	78,144	85,149			78,144	85,149
Unallocated Depreciation	334,603	271,102			334,603	271,102
Charter School						
Business-Type Activities			265,012	268,209	265,012	268,209
Total Expenses	10,704,412	10,859,767	265,012	268,209	10,969,424	11,127,976
Change in Net Position	\$ (739,612)	\$ (319,655)	\$ (36,576)	\$ (8,078)	\$ (776,188)	\$ (327,733)

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 \$9,964,800 for the fiscal year ended June 30, 2019. Property taxes made up 18% percent of revenues for governmental activities for the Borough of Folsom School District for fiscal year 2019. Federal, state and local grants accounted for \$8,262,435 or another 82%. The total cost of all program and services was \$10,704,412. Instruction expenses of \$4,999,578 comprised 47% 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, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Restricted			
Capital Reserve	\$ 576,931	\$ 572,976	\$ 3,955
Maintenance Reserve	259,728	301,189	(41,461)
Emergency Reserve	200,100	200,000	100
Excess Surplus	1,027,619	1,649,900	(622,281)
Assigned			
Encumbrances	79,251	18,966	60,285
Designated for Budget	64,185	3,125	61,060
Unassigned			
Special Revenues	(6,309)	(8,288)	1,979
General	(236,797)	(238,174)	1,377
Total	\$ 1,964,708	\$ 2,499,694	\$ (534,986)

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 \$9,106,076 and expenditures of \$9,625,078. The net positive/negative change in fund balance for the year was a decrease of \$534,986 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, 2019, 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 2018</u>	<u>Percent/ Increase (Decrease)</u>
Local Sources	\$ 1,893,393	20%	\$ (88,366)	-4%
State Sources	6,983,250	77%	304,970	5%
Federal Sources	229,433	3%	831	0%
Total	\$ 9,106,076	100%	\$ 217,435	2.44%

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2019.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent/ Increase (Decrease)</u>
Current:				
Instruction	\$ 2,876,136	30%	\$ 46,416	1.6%
Tuition	1,727,441	18%	114,352	7.8%
Undistributed Expenditures	4,713,165	49%	242,805	11.3%
Capital Outlay	86,186	1%	(123,912)	-43.1%
Debt Service:				
Principal	180,000	2%	0	0.00%
Interest	42,150	0%	(7,200)	-12.82%
Total	<u>\$ 9,625,078</u>	<u>100%</u>	<u>\$ 272,461</u>	<u>3.1%</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 \$7,524,505. Actual revenues, excluding on-behalf contributions for Pension and Social Security of \$966,876 (which are not budgeted), were \$7,627,226.

Expenditures

The General Fund adopted expenditures were budgeted at \$8,624,408. Actual expenditures, not including on-behalf contributions for Pension and Social Security (which are not budgeted), were \$8,126,918.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019 the District had \$12,824,050 invested in land, building, and equipment less \$5,472,595 in accumulated depreciation expense. For more detailed information, please refer to the Notes to the Financial Statements.

	Governmental Activities		Business Activities		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Facilities and Improvements	\$ 7,237,961	\$ 7,528,937	\$	\$	\$ 7,237,961	\$ 7,528,937
Equipment	113,494	208,624	75,225	85,654	188,719	294,278
	<u>\$ 7,351,455</u>	<u>\$ 7,737,561</u>	<u>\$ 75,225</u>	<u>\$ 85,654</u>	<u>\$ 7,426,680</u>	<u>\$ 7,823,215</u>

Debt Administration

At the end of fiscal year 2019, the School District had \$2,433,175 of outstanding debt. Of this amount, \$57,271 is for compensated absences and \$965,000 is for general obligation bonds, \$1,376,812 represents Net Pension Liability and \$34,092 represents the unamortized premium on bonds. The amount of allowable unvoted debt is \$4,093,255. Additional information on the District's long-term obligations can be found in the notes the basic financial statements of this report.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

School Business Administrator/Board Secretary
Borough of Folsom School District
1357 Mays Landing Road
Folsom, NJ 08037
609-561-8666

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 903,398	\$ 39,983	\$ 943,381
Receivables, Net	126,868	7,811	134,679
Restricted Assets:			
Cash and Cash Equivalents	1,036,759		1,036,759
Capital Assets, Net (Note 8)	7,351,455	75,225	7,426,680
Inventory		3,959	3,959
Total Assets	9,418,480	126,978	9,545,458
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflow	509,796		509,796
Total Deferred Outflows of Resources	509,796		509,796
LIABILITIES			
Accounts Payable	102,317		102,317
Accrued Interest Payable	7,656		7,656
Unearned Revenue		9,539	9,539
Non-current Liabilities (Note 9):			
Due Within One Year	192,116		192,116
Due Beyond One Year	2,241,059		2,241,059
Total Liabilities	2,543,148	9,539	2,552,687
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflow	505,076		505,076
Total Deferred Inflows of Resources	505,076		505,076
NET POSITION			
Invested in Capital Assets, Net of Related Debt	6,386,455	75,225	6,461,680
Restricted for:			
Capital Reserve	576,931		576,931
Maintenance Reserve	259,728		259,728
Emergency Reserve	200,100		200,100
Other Purposes	1,091,804		1,091,804
Unrestricted (Deficit)	(1,634,966)	42,214	(1,592,752)
Total Net Position	\$ 6,880,052	\$ 117,439	\$ 6,997,491

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, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 3,577,171	\$	\$ 290,608	\$ (3,286,563)	\$	\$ (3,286,563)
Special Education	1,091,265			(1,091,265)		(1,091,265)
Other Instruction	331,142			(331,142)		(331,142)
Support Services:						
Tuition	1,727,441			(1,727,441)		(1,727,441)
Student & Instruction Related Services	1,432,072		17,094	(1,414,978)		(1,414,978)
General and Business Admin Services	196,081			(196,081)		(196,081)
School Administrative Services	263,984			(263,984)		(263,984)
Central Services	276,666			(276,666)		(276,666)
Plant Operations and Maintenance	635,419			(635,419)		(635,419)
Pupil Transportation	760,424			(760,424)		(760,424)
Employee Benefits			445,566	445,566		445,566
Interest Expense	78,144			(78,144)		(78,144)
Unallocated Depreciation	334,603			(334,603)		(334,603)
Total Governmental Activities	10,704,412		753,268	(9,951,144)		(9,951,144)
Business-Type Activities:						
Food Service	190,077	91,058	77,105		(21,914)	(21,914)
Community Program	74,935	60,105			(14,830)	(14,830)
Total Business-Type Activities	265,012	151,163	77,105		(36,744)	(36,744)
Total Primary Government	\$ 10,969,424	\$ 151,163	\$ 830,373	(9,951,144)	(36,744)	(9,987,888)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,871,223		1,871,223
Federal and State Aid Not Restricted				7,427,487		7,427,487
Investment Earnings				16,369	168	16,537
Miscellaneous Income				5,801		5,801
Transfer to Charter				(15,984)		(15,984)
Fixed Asset Adjustment				(93,364)		(93,364)
Total General Revenues, Special Items, Extraordinary Items and Transfers				9,211,532	168	9,211,700
Change in Net Position				(739,612)	(36,576)	(776,188)
Net Position—Beginning				7,619,664	154,015	7,773,679
Net Position—Ending				\$ 6,880,052	\$ 117,439	\$ 6,997,491

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, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 888,208	\$	\$	\$ 888,208
Cash and Cash Equivalents - Capital Reserve	576,931			576,931
Cash and Cash Equivalents - Emergency Reserve	200,100			200,100
Cash and Cash Equivalents - Maintenance Reserve	259,728			259,728
Interund Receivable	27,655			27,655
State Aid Receivable	107,432			107,432
Federal Aid Receivable		6,156		6,156
Intergovernmental Accounts Receivable	13,280			13,280
	\$ 2,073,334	\$ 6,156	\$	\$ 2,079,490
Total Assets	\$ 2,073,334	\$ 6,156	\$	\$ 2,079,490
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 102,317	\$	\$	\$ 102,317
Interfund Payable		12,465		12,465
	102,317	12,465		114,782
Total Liabilities	102,317	12,465		114,782
Fund Balances:				
Restricted for:				
Capital Reserve	576,931			576,931
Maintenance Reserve	259,728			259,728
Emergency Reserve	118,100			118,100
Emergency Reserve - Designated for Subsequent Year's Expenditures	82,000			82,000
Excess Surplus - Designated for Subsequent Year's Expenditures	553,122			553,122
Excess Surplus	474,497			474,497
Assigned to Encumbrances	79,251			79,251
Assigned - Designated for Subsequent Year's Expenditures	64,185			64,185
Unassigned (Deficit)	(236,797)	(6,309)		(243,106)
	1,971,017	(6,309)		1,964,708
Total Fund Balances (Deficit)	1,971,017	(6,309)		1,964,708
Total Liabilities and Fund Balances	\$ 2,073,334	\$ 6,156	\$	\$

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 \$12,824,050 and the accumulated depreciation is \$5,472,595 (see Note 8).	7,351,455
Deferred Outflow of Resources - Deferred Pension Contribution	509,796
Deferred Inflows of Resources - Pension Actuarial Gains	(505,076)
Long Term Net Pension Liability	(1,376,812)
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)	(1,056,363)
Accrued Interest	(7,656)
Net Position of governmental activities	\$ 6,880,052

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, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 1,649,073	\$	\$ 222,150	\$ 1,871,223
Interest Earned	16,369			16,369
Miscellaneous	5,801			5,801
Total - Local Sources	1,671,243		222,150	1,893,393
State Sources	6,901,570	81,680		6,983,250
Federal Sources		229,433		229,433
Total Revenues	8,572,813	311,113	222,150	9,106,076
EXPENDITURES				
Current:				
Regular Instruction	1,837,320	290,608		2,127,928
Special Education Instruction	572,193			572,193
Other Instruction	176,015			176,015
Support Services:				
Tuition	1,727,441			1,727,441
Student & Instruction Related Services	776,688	17,094		793,782
General Administrative Services	133,594			133,594
School Administrative Services	149,364			149,364
Central Services	162,983			162,983
Plant Operations and Maintenance	467,530			467,530
Pupil Transportation	753,187			753,187
Employee Benefits	2,251,293	1,432		2,252,725
Debt Service				
Principal			180,000	180,000
Interest			42,150	42,150
Capital Outlay	86,186			86,186
Total Expenditures	9,093,794	309,134	222,150	9,625,078
Excess (Deficiency) of Revenues over Expenditures	(520,981)	1,979		(519,002)
OTHER FINANCING SOURCES (USES)				
Transfer to Charter School	(15,984)			(15,984)
Total Other Financing Sources and Uses	(15,984)			(15,984)
Net Change in Fund Balances	(536,965)	1,979		(534,986)
Fund Balance—July 1	2,507,982	(8,288)		2,499,694
Fund Balance—June 30 (Deficit)	\$ 1,971,017	\$ (6,309)	\$ -	\$ 1,964,708

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, 2019

Total net change in fund balances - governmental funds (from B-2) \$ (534,986)

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	\$ (334,603)	
Fixed Asset Adjustment	(93,364)	
Capital Outlays	41,861	
		(386,106)

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. (22,679)

Accrued Interest 1,215

Increase in Compensated Absences 15,828

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) \$ (739,612)

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

PROPRIETARY FUNDS

BOROUGH OF FOLSOM SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-type Activities - Enterprise Funds		
	Community Program	Food Service	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 33,428	\$ 21,745	\$ 55,173
Federal and State Aid Receivable		4,527	4,527
Accounts Receivable	2,040	1,244	3,284
Inventory		3,959	3,959
Total Current Assets	35,468	31,475	66,943
Fixed Assets:			
Equipment		128,300	128,300
Accumulated Depreciation		(53,075)	(53,075)
Total Fixed Assets		75,225	75,225
Total Assets	35,468	106,700	142,168
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Interfunds Payable	5,877	9,313	15,190
Unearned Revenue	5,907	3,632	9,539
Total Current Liabilities	11,784	12,945	24,729
NET POSITION			
Investment in Fixed Assets		75,225	75,225
Unrestricted	23,684	18,530	42,214
Total Net Position	23,684	93,755	117,439
Total Liabilities and Fund Equity	\$ 35,468	\$ 106,700	\$ 142,168

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, 2019

	Business-type Activities - Enterprise Fund		
	Community Program	Food Service	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$	\$ 59,129	\$ 59,129
Non-reimbursable Sales		31,929	31,929
Program Fees	60,105		60,105
Transportation			
Total Operating Revenue:	<u>60,105</u>	<u>91,058</u>	<u>151,163</u>
Operating Expenses:			
Cost of Sales - Reimbursable		58,760	58,760
Cost of Sales - Non Reimbursable		8,878	8,878
Salaries	4,875	75,498	80,373
Employee Benefits		24,580	24,580
Other Purchased Service	58,369	-	58,369
General Supplies	2,604	3,723	6,327
Depreciation		10,429	10,429
Other	9,087	8,209	17,296
Total Operating Expenses	<u>74,935</u>	<u>190,077</u>	<u>265,012</u>
Operating (Loss) Income	<u>(14,830)</u>	<u>(99,019)</u>	<u>(113,849)</u>
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program		1,484	1,484
Federal Sources:			
National School Lunch Program		49,376	49,376
National School Breakfast Program		17,078	17,078
Food Distribution Program		8,992	8,992
Interest	168	175	343
Total Non-operating Revenues (Expenses)	<u>168</u>	<u>77,105</u>	<u>77,273</u>
(Loss) Income Before Transfers	<u>(14,662)</u>	<u>(21,914)</u>	<u>(36,576)</u>
Transfers In (Out)			
Change in Net Position	<u>(14,662)</u>	<u>(21,914)</u>	<u>(36,576)</u>
Total Net Position—Beginning	<u>38,346</u>	<u>115,669</u>	<u>154,015</u>
Total Net Position—Ending	<u>\$ 23,684</u>	<u>\$ 93,755</u>	<u>\$ 117,439</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, 2019

	Business-type Activities - Enterprise Funds		
	Community Program	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 60,105	\$ 91,058	\$ 151,163
Payments to Employees	(4,875)	(100,078)	(104,953)
Payments to Suppliers	(63,247)	(88,034)	(151,281)
Net Cash Provided by (Used for) Operating Activities	(8,017)	(97,054)	(105,071)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources		1,484	1,484
Federal Sources		75,446	75,446
Operating Subsidies and Transfers to Other Funds			
Net Cash Provided by (Used for) Non-capital Financing Activities		76,930	76,930
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Net Cash Provided by (Used for) Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	168	175	175
Net Cash Provided by (Used for) Investing Activities	168	175	175
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,849)	(19,949)	(27,798)
Balances—Beginning of Year	41,277	41,694	82,971
Balances—End of Year	\$ 33,428	\$ 21,745	\$ 55,173
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (14,830)	\$ (99,019)	\$ (113,849)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities			
Depreciation and Net Amortization		10,429	10,429
Decrease/(Increase) in Accounts Receivable	5,964	905	6,869
Decrease/(Increase) in Inventory		(1,026)	(1,026)
(Decrease)/Increase in Accounts Payable		(4,526)	(4,526)
(Decrease)/Increase in Interfund Payable	829	(4,302)	(3,473)
(Decrease)/Increase in Deferred Revenue	20	485	505
Total Adjustments	6,813	1,965	8,778
Net Cash Provided by (Used for) Operating Activities	\$ (8,017)	\$ (97,054)	\$ (105,071)

Noncash Noncapital Financing Activities:

During the year, the District received \$9,590 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, 2019

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 4,966	\$ 24,523
Total Assets	<u>4,966</u>	<u>24,523</u>
LIABILITIES		
Accounts Payable		
Payable to Student Groups		24,523
Total Liabilities	<u>\$</u>	<u>\$ 24,523</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 4,966</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, 2019

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 12,171
	<hr/>
Total Contributions	12,171
Investment Earnings:	
Interest	23
	<hr/>
Total Additions	12,194
	<hr/>
DEDUCTIONS	
Quarterly Contribution Reports	
Unemployment Claims	7,875
	<hr/>
Total Deductions	7,875
	<hr/>
Change in Net Position	4,319
Net Position—Beginning of the Year	647
	<hr/>
Net Position—End of the Year	\$ 4,966
	<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, 2019

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, 2019 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. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The adoption of GASB 83 is not expected to impact the financial statements of the School District.
- 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of GASB 88 is not expected to impact the financial statements of the School District.
- District's financial statements.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

New Accounting Standards (Continued):

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

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. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. The Board is evaluating the potential impact of the adoption of GASB 84 on the School

- 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. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 87 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. 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.
- 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. 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.
- GASB Statement - No. 91 - *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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.
- 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:

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

B.Fund Accounting: (Continued):

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.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

B. Fund Accounting (Continued):

PROPRIETARY FUNDS (CONT'D)

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.

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

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.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

C. Basis of Accounting and Measurement Focus (Continued):

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.

D. Budgets/Budgetary Control:

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.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

D. Budgets/Budgetary Control (Continued):

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.

G. Tuition Payable:

Tuition charges for the fiscal years 2016-17, 2017-18, and 2018-19 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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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 expended when used. The Food Service inventory as of June 30, 2019 consisted of \$3,044 in purchased food and \$915 in supplies for a total of \$3,959. Of the \$3,959 reflected in inventory as of June 30, 2019, Federal Commodity Food represents \$1,511. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

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, 2019 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.

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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, 2019.

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.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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.

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.

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:

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

- 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.

As of June 30, 2019, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash</u> <u>Equivalents</u>
Checking Accounts	\$ 2,009,629
Total	\$ 2,009,629

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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, 2019, the District's bank balance of \$2,438,030 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>2,188,030</u>
Total	\$ <u>2,438,030</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 \$2,500,000, as shown in its approved LRFP.

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance July 1, 2018	\$ 572,976
Interest Earnings	3,955
Ending Balance June 30, 2019	\$ <u><u>576,931</u></u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 2018-19 school year, \$400 in interest earnings was added to the maintenance reserve account and \$41,861 was withdrawn to fund operations, resulting in a balance at June 30, 2019 of \$259,728, which is within the maximum allowed for the district of \$1,000,000.

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance July 1, 2018	\$	301,189
Increased by:		
Interest Earnings		400
		<hr/> 301,589
Decreased by:		
Withdrawn by Resolution		41,861
		<hr/> 259,728
Ending Balance June 30, 2019	\$	<hr/> <hr/> 259,728

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. Interest income of \$100 was added in 2018-19, resulting in a balance at June 30, 2018 of \$200,100, which is within the maximum allowed for the district of \$250,000. In addition, \$82,000 was assigned and anticipated as revenue in the 2019-20 budget.

NOTE 7. OPERATING LEASES

As of the audit date, the District has commitments to lease three copiers under operating leases that expire in 2024. The District has the following lease payments remaining for their copiers:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 11,753
2021	11,700
2022	11,700
2023	11,700
2024	975
Total	<hr/> \$ 47,828 <hr/> <hr/>

The total operating lease payments made during the year ended June 30, 2019 were \$12,340.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance 7/1/2018	Additions	Adjustments/ Retired	Ending Balance 6/30/2019
Governmental Activities:				
Capital Assets That are Not Being Depreciated:				
Land	\$ -			\$ -
Total Capital Assets Not Being Depreciated				
Building and Building Improvements	11,889,680	\$ 41,861	92,029	12,023,570
Machinery and Equipment	763,666		36,814	800,480
Totals at Historical Cost	12,653,346	41,861	128,843	12,824,050
Less Accumulated Depreciation	(4,915,785)	(334,603)	(222,207)	(5,472,595)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	7,737,561	(292,742)	(93,364)	7,351,455
Government Activities Capital Assets, Net	\$ 7,737,561	\$ (292,742)	\$ (93,364)	\$ 7,351,455
				To A-1
Business-type Activities - Equipment	\$ 128,300			\$ 128,300
Less Accumulated Depreciation	(42,646)	(10,429)		(53,075)
Business-type Activities Capital Assets, Net	\$ 85,654	\$ (10,429)		\$ 75,225
Depreciation expense was charged to governmental functions as follows:				
		Unallocated		\$ 334,603

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations:

	Beginning Balance <u>7/1/18</u>	Additions	Reductions	Ending Balance <u>6/30/19</u>	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable	\$ 1,145,000	\$ -	\$ 180,000	\$ 965,000	\$ 185,000	\$ 780,000
Total Loans Payable	1,145,000		180,000	965,000	185,000	780,000
Other Liabilities:						
Unamortized Premium	41,208		7,116	34,092	7,116	26,976
Compensated Absences Payable	73,099		15,828	57,271		57,271
Net Pension Liability	1,484,486		107,674	1,376,812		1,376,812
Total Other Liabilities	\$ 2,743,793	\$ -	\$ 310,618	\$ 2,433,175	\$ 192,116	\$ 2,241,059

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, 2019, 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 - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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.

The following represents the membership tiers for PERS:

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.

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. The PERS member total contribution rate as of July 1, 2018 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2019 were 38,207. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2019 is 13.37% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2019, and 2018, were \$70,156 and \$60,785 respectively.

The total payroll for the year ended June 30, 2019 was \$3,736,167. Payroll covered by PERS was \$509,425 for fiscal year 2019.

Components of Net Pension Liability - At June 30, 2019, the District's proportionate share of the PERS net pension liability was \$1,376,812. The net pension liability was measured as of June 30, 2018. 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, 2018. The District's proportion measured as of June 30, 2018 was 0.006993% which was an increase of 0.00062% from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2019 PERS pension expense, with respect to GASB 68, was \$101,604. The District's 2019 deferred outflows of resources and deferred inflows of resources were from the following sources:

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,256	\$ 7,099
Changes of assumptions	226,876	440,231
Net difference between projected and actual earnings on pension plan investments		12,915
Changes in proportion	186,508	44,831
Contributions subsequent to the measurement date	70,156	
Total	\$ 509,796	\$ 505,076

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

<u>Year</u>	<u>PERS</u>
2020	\$ 121
2021	6,948
2022	(58,099)
2023	(32,103)
2024	17,698
Thereafter	
Total	\$ (65,435)

Additional Information - Collective Balances at June 30, 2019 and 2018 are as follows:

<u>Year</u>	<u>2019</u>	<u>2018</u>
Collective deferred outflows of resources	\$ 509,796	\$ 503,943
Collective deferred inflows of resources	\$ 505,076	\$ 368,870
Collective Net Pension Liability	\$ 1,376,812	\$ 1,484,486
District's Proportion	0.006993%	0.006377%

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

	<u>PERS</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
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, 2017 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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of 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, 2018 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Equity	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, 2018, used to measure the total pension liability was 5.66% 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 3.87% as of June 30, 2018 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 50% 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 2046 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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, 2019

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, 2018, 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount (5.66%)	1% Increase (6.66%)
District's Proportionate Share of the Net Pension Liability	\$ <u>1,731,182</u>	\$ <u>1,376,812</u>	\$ <u>1,079,518</u>

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. 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.

The following represents the membership tiers for 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.

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2018. 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 2018, 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. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$521,670 to the TPAF for pension contributions, \$236,628 for post-retirement benefits on behalf of the School, and \$1,072 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$207,506 during the year ended June 30, 2019 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, 2019, 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.

Pension Expense - For the year ended June 30, 2019, the District recognized pension expense of \$1,017,696 and revenue of \$1,017,696 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Inflation	2.25%

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2018 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%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2018. 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, 2018 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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (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, 2019, 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	<u>1% Decrease (3.86%)</u>	<u>Current Discount (4.86%)</u>	<u>1% Increase (5.86%)</u>
State's Share of the Net Pension Liability associated with the District	\$ 20,695,263	\$ 17,457,239	\$ 14,867,600
State's Share of the Net Pension Liability	\$ <u>75,417,894,537</u>	\$ <u>63,806,350,446</u>	\$ <u>54,180,663,328</u>

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

General Information about the OPEB Plan (Continued)

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 are the responsibility of the individual local education employers.

As of June 30, 2017, the Local Education Retired Plan had 99,686 Inactive employees or beneficiaries currently receiving benefit payments and 224,418 Active employees.

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.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2018, was \$46,110,832,982. Of this amount, the total OPEB liability attributable to the School District was \$13,824,328. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02998%. The total OPEB liability for the School District measured as of June 30, 2018 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, 2018 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, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Years of Service	Age	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Total Nonemployer OPEB Liability

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, 2017 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.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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, 2018 was 3.87%. 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

State of New Jersey	<u>Total OPEB Liability</u>
Balance as of June 30, 2017 Measurement Date	\$ 53,639,841,858
Changes for the year:	
Service Cost	1,984,642,729
Interest	1,970,236,232
Changes of Benefit Terms	
Differences between Expected and Actual	(5,002,065,740)
Changes of Assumptions	(5,291,448,855)
Benefit Payments	(1,232,987,247)
Contributions from Members	42,614,005
Net Changes	(7,529,008,876)
Balance as of June 30, 2018 Measurement Date	\$ 46,110,832,982

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

The following presents the total nonemployer OPEB liability as of June 30, 2018, 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:

	June 30, 2018		
	At 1.00% Decrease 2.87%	At Discount Rate 3.87%	At 1.00% Increase 4.87%
\$	54,512,391,175	46,110,832,982	39,432,461,816

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, 2018, 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, 2018		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$	38,113,289,045	46,110,832,982	56,687,891,003

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

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

For the year ended June 30, 2019, the School District recognized OPEB expense of \$708,674. 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	\$	\$ 1,341,960
Changes of Assumptions		3,098,794
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	352,319	36,986
Contributions Subsequent to the Measurement Date		
Total	\$ 352,319	\$ 4,477,740

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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
2019	\$	(509,043)
2020		(509,043)
2021		(509,043)
2022		(509,043)
2023		(509,043)
Thereafter		(1,580,206)
Total	\$	(4,125,421)

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, 2019, a liability existed for compensated absences in the General Fund of \$57,271 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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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.

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.

New Jersey Unemployment Compensation Insurance (Continued)-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</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018-2019	\$	\$ 12,194	\$ 7,875	\$ 4,966
2017-2018		12,880	24,944	647
2016-2017		12,172	8,173	12,711

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2019:

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 27,655	\$
Special Revenue Fund		12,465
Community Program		5,877
Food Service Fund		9,313
Total	<u>\$ 27,655</u>	<u>\$ 27,655</u>

NOTE 16. FUND BALANCE APPROPRIATED

General Fund- Of the \$1,971,017 General Fund balance at June 30, 2019, \$1,027,619 was restricted as excess surplus at June 30, 2019 in accordance with N.J.S.A. 18A:7F-7; (\$553,122 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2020); \$79,251 is Assigned for Encumbrances payable, \$576,931 is restricted for Capital Reserve Fund, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; \$200,100 is restricted for Emergency Reserve Fund, of which \$82,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; \$259,728 is restricted for Maintenance Reserve; \$64,185 has been appropriated and included as anticipated revenue for the year ending June 30, 2020 and (\$236,797) is unreserved and undesignated.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 16. FUND BALANCE APPROPRIATED (CONT'D)

Debt Service Fund - The Debt Service fund had no fund balance at June 30, 2019.

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 \$553,122 at June 30, 2019 must be budgeted in the 2019-20 budget and \$474,497 must be budgeted in the 2020-21 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 \$236,797 deficit of fund balance in the General Fund as of June 30, 2019 and \$6,309 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 \$236,797 is less than the 19th and 20th payments received in July 2019 and the \$6,309 deficit in the Special Revenue Fund is equal to the 19th and 20th payments.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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.

NOTE 21. ACCOUNTS RECEIVABLE

Receivables at June 30, 2019 consisted of intergovernmental grants and other items. All receivables are considered collectible in full.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
State	\$ 107,432	\$	\$ 107	\$ 107,539
Federal		6,156	4,420	10,576
Intergovernmental	13,280			13,280
Other			3,284	3,284
Totals	<u>\$ 120,712</u>	<u>\$ 6,156</u>	<u>\$ 7,811</u>	<u>\$ 134,679</u>

NOTE 22. SUBSEQUENT EVENTS

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

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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,649,073	\$	\$ 1,649,073	\$ 1,649,073	\$
Interest on Investments				11,914	11,914
Interest on Investments-Capital Reserve	1,300		1,300	3,955	2,655
Interest on Investments-Emergency Res	100		100	100	
Interest on Investments-Maintenance Reserve	400		400	400	
Miscellaneous	4,500		4,500	5,801	1,301
Total - Local Sources	1,655,373		1,655,373	1,671,243	15,870
State Sources:					
Equalization Aid	4,183,885		4,183,885	4,183,885	
Special Education Categorical Aid	362,025		362,025	362,025	
Security Aid	79,030		79,030	79,030	
Categorical Transportation Aid	181,520		181,520	181,520	
School Choice Aid	1,062,672		1,062,672	1,062,672	
Non-public Transportation Aid				2,320	2,320
Extraordinary Aid				84,531	84,531
On-behalf TPAF Post - Retire Medical (non-budgeted)				236,628	236,628
On-behalf TPAF Pension Contributions (non-budgeted)				521,670	521,670
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				1,072	1,072
Reimbursement TPAF Social Security Contributions (non-budgeted)				207,506	207,506
Total - State Sources	5,869,132		5,869,132	6,922,859	1,053,727
TOTAL REVENUES	\$ 7,524,505	\$	\$ 7,524,505	\$ 8,594,102	\$ 1,069,597
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Local Contrib - Trans to Special Rev - Regular	\$ 16,605	\$	\$ 16,605	\$ 16,605	\$
Salaries of Teachers:					
Preschool/Kindergarten	249,633	14,559	264,192	241,858	22,334
Grades 1-5	832,797	(2,632)	830,165	791,994	38,171
Grades 6-8	524,288	20,563	544,851	541,553	3,298
Home Instruction:					
Salaries of Teachers	5,000	(3,200)	1,800	1,789	11
Undistributed Instruction - Regular					
Other Salaries for Instruction	27,000	(5,000)	22,000	20,362	1,638
Purchased Technical Services	110,000	(42,300)	67,700	67,629	71
Other Purchased Services	18,500	39,398	57,898	52,722	5,176
General Supplies	145,000	(28,912)	116,088	97,398	18,690
Textbooks	15,000		15,000	5,410	9,590
Total Regular Programs	1,943,823	(7,524)	1,936,299	1,837,320	98,979

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Special Education:					
Resource Room:					
Salaries of Teachers	\$ 534,905	\$ 37,293	\$ 572,198	\$ 572,193	\$ 5
Total Resource Room	534,905	37,293	572,198	572,193	5
TOTAL SPECIAL EDUCATION	534,905	37,293	572,198	572,193	5
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	123,439	12,209	135,648	135,647	1
Other Salaries for Instruction					
Total Basic Skills/Remedial - Instruction	123,439	12,209	135,648	135,647	1
School - Sponsored Co curricular Activities - Instruction:					
Salaries	13,896	5,220	19,116	19,116	
Other Objects	13,000	(5,220)	7,780	2,325	5,455
Total School - Sponsored Co curricular Activities - Instruction	26,896		26,896	21,441	5,455
School - Sponsored Athletics - Instruction:					
Salaries	17,151		17,151	16,239	912
Purchased Services	3,000		3,000	2,123	877
Other Objects	7,000		7,000	565	6,435
Total School - Sponsored Athletics - Instruction	27,151		27,151	18,927	8,224
Total Instruction	2,656,214	41,978	2,698,192	2,585,528	112,664
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's within State-Regular	630,858		630,858	630,858	
Tuition - Other LEA's within State-Special	408,542	(40,684)	367,858	361,692	6,166
Tuition - County Voc School Districts-Regular	242,883	(29,700)	213,183	213,097	86
Tuition - County Voc School Districts-Special	19,600	(5,000)	14,600	14,590	10
Tuition - CSSD & Regional Day Schools	132,515	(42,200)	90,315	90,173	142
Tuition - Private Schools for Disabled within State	414,126	5,000	419,126	417,031	2,095
Total Undistributed Expenditures - Instruction	1,848,524	(112,584)	1,735,940	1,727,441	8,499
Attendance and Social Work Services					
Salaries					
Purchased Professional and Technical Services					
Total Attendance and Social Work Services					
Health Services:					
Salaries	61,019	610	61,629	61,629	
Purchased Professional and Technical Services	4,000		4,000	4,000	
Other Purchased Services	1,000	764	1,764	1,764	
Supplies and Materials	5,000		4,775	4,775	
Total Health Services	71,019	1,149	72,168	72,168	

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES: CURRENT EXPENSES (Continued)					
Undistributed Expenditures: (Continued)					
Speech, OT, PT & Related Services					
Salaries	\$ 55,216	\$ 1,761	\$ 56,977	\$ 56,976	\$ 1
Purchased Professional- Educational Services	45,000	(8,000)	37,000	36,146	854
Supplies and Materials	1,000	(1,000)			
Total Undist. Expend.- Speech, OT, PT & Related Services	101,216	(7,239)	93,977	93,122	855
Other Support Services STD - Extra Services					
Salaries	101,070	(9,452)	91,618	87,452	4,166
Total Undist. Expend. - Other Supp. Serv. STD - Extra. Services	101,070	(9,452)	91,618	87,452	4,166
Guidance:					
Salaries of Other Professional Staff	56,473	107	56,580	56,580	
Total Guidance	56,473	107	56,580	56,580	
Child Study Team:					
Salaries of Other Professional Staff	165,860	3,108	168,968	168,968	
Salaries of Secretarial and Clerical Assistants	33,021	1,280	34,301	34,301	
Purchased Professional-Educational Services		10,580	10,580	10,580	
Other Purchased Professional & Technical Services	10,000	(9,596)	404	404	
Misc Purchased Services	1,500	2,940	4,440	4,440	
Supplies and Materials	5,000	(5,000)			
Total Child Study Team	215,381	3,312	218,693	218,693	
Improvement of Instruction Services/Other Support:					
Salaries of Superv of Instr.	92,965	(670)	92,295	92,288	7
Other Purchased Services	2,000		2,000	1,169	831
Total Improvement of Instruction Services/Other Support	94,965	(670)	94,295	93,457	838
Educational Media Services - School Library					
Salaries	69,237	2,131	71,368	71,368	
Salaries of Technology Coordinators	75,691	(1,642)	74,049	74,049	
Supplies and Materials	5,000	(844)	4,156	4,156	
Total Educational Media Services - School Library:	149,928	(355)	149,573	149,573	
Instructional Staff Training Services:					
Other Purchased Services	10,000	2,148	12,148	5,643	6,505
Supplies and Materials	3,000	(3,000)			
Total Instructional Staff Training Services	13,000	(852)	12,148	5,643	6,505

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Salaries	\$ 70,122	\$	\$ 70,122	\$ 68,882	\$ 1,240
Legal Services	20,000		20,000	11,115	8,885
Audit Fees	10,000		10,000	9,950	50
Architectural/Egineering Services	10,000	8,500	18,500	7,400	11,100
Other Purchased Professional Services	4,000		4,000	3,600	400
Communications - Telephone	18,000	(5,000)	13,000	9,910	3,090
Other Purchased Services	20,500	(3,500)	17,000	9,790	7,210
General Supplies	2,000		2,000	426	1,574
BOE In-House Training/Meeting Supplies	2,500		2,500		2,500
Miscellaneous Expenditures	10,000	17,000	27,000	9,091	17,909
BOE Membership Dues and Fees	7,000		7,000	3,430	3,570
Total Support Services General Administration	174,122	17,000	191,122	133,594	57,528
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	62,500	1	62,501	62,500	1
Salaries of Secretarial and Clerical Assistants	62,232	1,619	63,851	63,850	1
Purchased Prof & Tech Services	10,000	(1,620)	8,380	1,782	6,598
Other Purchased Services	10,000		10,000	1,789	8,211
Supplies and Materials	25,000		25,000	14,892	10,108
Other Objects	10,000	17,667	27,667	4,551	23,116
Total Support Services School Administration	179,732	17,667	197,399	149,364	48,035
Central Services:					
Salaries	124,583	734	125,317	125,317	
Purchased Professional Services	16,000	(734)	15,266	5,470	9,796
Purchased Technical Services	30,000	376	30,376	25,643	4,733
Misc Purchased Services	5,000		5,000	2,653	2,347
Supplies and Materials	7,000		7,000	3,900	3,100
Other Objects		17,000	17,000		17,000
Total Central Services	182,583	17,376	199,959	162,983	36,976
Required Maintenance for School Facilities:					
Salaries	69,523	(200)	69,323	69,290	33
Cleaning, Repair and Maintenance Services	83,125	2,882	86,007	73,263	12,744
Travel		300	300	185	115
General Supplies	20,000	990	20,990	13,023	7,967
Other Objects	500	(500)			
Total Required Maintenance for School Facilities	173,148	3,472	176,620	155,761	20,859

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Operation and Maintenance of Plant Services:					
Salaries	\$ 104,630	\$	\$ 104,630	\$ 95,368	\$ 9,262
Salaries of Non-Instructional Aids	25,000		25,000	20,413	4,587
Cleaning, Repair and Maintenance Services	10,000		10,000	4,925	5,075
Insurance	10,000	(3,500)	6,500	4,191	2,309
General Supplies	20,000		20,000	17,567	2,433
Energy (Natural Gas)	12,000	2,000	14,000	13,660	340
Energy (Electricity)	110,000	(2,000)	108,000	106,681	1,319
Total Other Operation and Maintenance of Plant Services	291,630	(3,500)	288,130	262,805	25,325
Care and Upkeep of Grounds:					
Cleaning, Repair, & Maintenance	20,000	3,500	23,500	22,661	839
Total Care and Upkeep of Grounds	20,000	3,500	23,500	22,661	839
Security:					
Purchased Professional & Technical Services	80,000	(51,000)	29,000	26,303	2,697
Total Security	80,000	(51,000)	29,000	26,303	2,697
Total Operation and Maintenance of Plant Services	564,778	(47,528)	517,250	467,530	49,720
Student Transportation Services:					
Salaries for Pupil Trans (Between Home and School) - Reg.	9,528		9,528	7,978	1,550
Other Purchased Professional and Technical Services	5,750		5,750	4,350	1,400
Contracted Services (Between Home and School) - Vendors	260,000	(8,500)	251,500	249,001	2,499
Contracted Services (Other than Betw. Home and Sch) - Vendors	15,000	6,000	21,000	17,298	3,702
Contracted Services (Home/School) - Joint Agreements	35,000		35,000	34,588	412
Contracted Services (Sp Ed) - Joint Agreements	400,000	96,073	496,073	421,532	74,541
Contracted Services (Special Ed. Students) - ESCs	25,000	(10,500)	14,500	14,440	60
Contracted Services - Aid in Lieu of Payments - Non Pub Sch	2,000	2,000	4,000	4,000	
Contracted Services - Aid in Lieu of Payments - Choice School	2,000	(2,000)			
Total Student Transportation Services	754,278	83,073	837,351	753,187	84,164
Allocated Benefits:					
Group Insurance - General Administration	1,500		1,500	1,404	96
Group Insurance - Central Services	1,500		1,500	1,489	11
Total Allocated Benefits/Total Personal Services - Employee Benefits	3,000		3,000	2,893	107
Unallocated Benefits:					
Social Security Contributions	75,000	39,500	114,500	87,886	26,614
Other Retirement Contributions - PERS	80,000	(9,500)	70,500	70,346	154
Unemployment Compensation	5,000		5,000		5,000
Workmen's Compensation	20,000		20,000	14,088	5,912
Health Benefits	1,147,000	(42,000)	1,105,000	1,026,642	78,358
Tuition Reimbursement	20,000		20,000	17,269	2,731
Other Employee Benefits	25,000	16,000	41,000	40,050	950
Unused Sick Payment to Terminated/Retired Staff	40,000	(4,000)	36,000	25,243	10,757
Total Unallocated Benefits/Total Personal Services - Employee Benefits	1,412,000		1,412,000	1,281,524	130,476
Total Personal Services - Employee Benefits	1,415,000		1,415,000	1,284,417	130,583

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
On-behalf TPAF Post - Retire Medical (Non-budgeted)	\$	\$	\$	\$ 236,628	\$ (236,628)
On-behalf TPAF Pension Contributions (Non-budgeted)				521,670	(521,670)
On-behalf TPAF Long-term Disability Contributions (Non-budgeted)				1,072	(1,072)
Reimbursement TPAF Social Security Contrib. (Non-budgeted)				207,506	(207,506)
Total Undistributed Expenditures	5,922,069	(38,996)	5,883,073	6,422,080	(539,007)
Interest Earned on Maintenance Reserve	400		400		400
Interest Earned on Current Expense Emergency Res	100		100		100
Total Interest Earned	500		500		500
TOTAL EXPENDITURES - CURRENT EXPENSE	8,578,783	2,982	8,581,765	9,007,608	(425,843)
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment:					
Custodial Services		41,861	41,861	41,861	
Total Equipment		41,861	41,861	41,861	
Facilities Acquisition and Construction Services:					
Assmt for Debt Service on SDA Funding	44,325		44,325	44,325	
Total Facilities Acquisition & Construction Services:	44,325		44,325	44,325	
Capital Outlay:					
Interest Deposit in Capital Reserve	1,300		1,300		1,300
TOTAL CAPITAL OUTLAY	45,625	41,861	87,486	86,186	1,300
TOTAL EXPENDITURES	8,624,408	44,843	8,669,251	9,093,794	(424,543)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,099,903)	(44,843)	(1,144,746)	(499,692)	645,054
Other Financing Sources (Uses):					
Transfer to Charter School		(15,984)	(15,984)	(15,984)	
Total Other Financing Sources (Uses)		(15,984)	(15,984)	(15,984)	
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses	(1,099,903)	(60,827)	(1,160,730)	(515,676)	645,054
Fund Balances, July 1	3,060,341		3,060,341	3,060,341	
Fund Balances, June 30	\$ 1,960,438	\$ (60,827)	\$ 1,899,611	\$ 2,544,665	\$ 645,054

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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>
RECAPITULATION:					
Restricted Fund Balance:					
Capital Reserve				\$ 576,931	
Maintenance Reserve				259,728	
Emergency Reserve					
Designated for Subsequent Year's Expenditures				82,000	
Current Year				118,100	
Excess Surplus					
Designated for Subsequent Year's Expenditures				553,122	
Current Year				474,497	
Assigned to:					
Encumbrances Designated for Subsequent Year's Expenditures				79,251	
Designated for Subsequent Year's Expenditures				64,185	
Unassigned					
				336,851	
TOTAL				<u>2,544,665</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(573,648)	
TOTAL				<u>\$ 1,971,017</u>	

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGET COMPARISON SCHEDULE - SPECIAL REVENUE FUND
AS OF JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 202,060	\$ 27,373	\$ 229,433	\$ 229,433	
State Sources	79,701		79,701	79,701	
Total Revenues	281,761	27,373	309,134	309,134	
EXPENDITURES:					
Instruction					
Salaries of Teachers	121,115	28,984	150,099	150,099	
Salaries - Other	20,895	(16,605)	4,290	4,290	
Tuition	95,312		95,312	95,312	
Supplies and Materials	32,444	8,463	40,907	40,907	
Total Instruction	269,766	20,842	290,608	290,608	
Support Services					
Salaries		2,500	2,500	2,500	
Employee Benefits		1,432	1,432	1,432	
Purchased Professional	10,875	3,719	14,594	14,594	
Other Purchased Services	1,120	(1,120)		-	
Total Support Services	11,995	6,531	18,526	18,526	
Facilities and Acquisition Costs					
Land and Improvements					
Total Expenditures	281,761	27,373	309,134	309,134	
Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

**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, 2019

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$	8,594,102	[C-2] \$	309,134
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.		552,359		8,288
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(573,648)		(6,309)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>8,572,813</u>	[B-2] \$	<u>311,113</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	9,093,794	[C-2] \$	309,134
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>9,093,794</u>	[B-2] \$	<u>309,134</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.006993%	0.006377%	0.006100%	0.005816%	0.006590%	0.006404%
District's Proportionate Share of the Net Pension Liability	\$ 1,376,812	\$ 1,484,486	\$ 1,806,727	\$ 1,305,654	\$ 1,233,919	\$ 1,223,911
District's Covered-Employee Payroll	\$ 509,425	\$ 534,355	\$ 920,342	\$ 816,195	\$ 679,954	\$ 843,874
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	270.27%	277.81%	196.31%	159.97%	181.47%	145.03%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 70,156	\$ 60,785	\$ 51,618	\$ 50,005	\$ 54,334	\$ 48,252
Contributions in relation to the Contractually Required Contribution	(70,156)	(60,785)	(51,618)	(50,005)	(54,334)	(48,252)
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$
District's Covered-Employee Payroll	\$ 509,425	\$ 534,355	\$ 920,342	\$ 816,195	\$ 679,954	\$ 843,874
Contributions as a Percentage of Covered-Employee Payroll	13.77%	11.38%	5.61%	6.13%	7.99%	5.72%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.027441%	0.026504%	0.024943%	0.022712%	0.024056%	0.023852%
District's Proportionate Share of the Net Pension Liability \$	17,457,239	\$ 17,870,042	\$ 19,621,951	\$ 14,355,143	\$ 12,857,003	\$ 12,054,695
District's Covered-Employee Payroll	\$ 2,873,145	\$ 2,308,048	\$ 2,734,492	\$ 2,585,071	\$ 2,585,071	\$ 2,271,486
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	607.60%	774.25%	717.57%	555.31%	497.36%	530.70%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

OTHER SUPPLEMENTARY INFORMATION

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>2018</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$ 628,702	\$ 762,288
Interest Cost	579,291	501,595
Changes of Benefit Terms		
Differences Between Expected and Actual Experiences	(1,169,865)	
Changes of Assumptions	(1,586,411)	(2,195,242)
Member Contributions	12,776	13,415
Gross Benefit Payments	(369,659)	(364,328)
Net Change in Total OPEB Liability	<u>(1,905,166)</u>	<u>(1,282,272)</u>
Total OPEB Liability - Beginning	<u>15,729,493</u>	<u>17,011,765</u>
Total OPEB Liability - Ending	<u>\$ 13,824,327</u>	<u>\$ 15,729,493</u>
Covered-Employee Payroll	<u>\$ 3,382,570</u>	<u>\$ 2,842,403</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	408.69%	553.39%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expected and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes in 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. The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

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.

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, 2019

	<u>Federal</u>	<u>State</u>	<u>Total</u>
REVENUES:			
State Sources	\$	\$ 79,701	\$ 79,701
Federal Sources	229,433		229,433
Total Revenues	<u>229,433</u>	<u>79,701</u>	<u>309,134</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	74,688	75,411	150,099
Salaries - Other Instruction		4,290	4,290
Tuition	95,312		95,312
Supplies and Materials	40,907		40,907
Total Instruction	<u>210,907</u>	<u>79,701</u>	<u>290,608</u>
Support Services:			
Salaries	2,500		2,500
Employee Benefits	1,432		1,432
Purchased Professional Services	14,594		14,594
Total Support Services	<u>18,526</u>		<u>18,526</u>
Total Expenditures	<u>229,433</u>	<u>79,701</u>	<u>309,134</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<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, 2019

	Budget	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 75,411	\$ 75,411	\$
Other Salaries for Instruction	4,290	4,290	
Total Instruction	79,701	79,701	
Support:			
Personal Services - Employee Benefits			
Total Support Services			
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non-instructional Equipment			
Total Facilities Acquisition and Const. Services:			
Total Expenditures	\$ 79,701	\$ 79,701	\$

CALCULATION OF BUDGET & CARRYOVER

Total revised 2018-19 Preschool Education Aid Allocation	\$ 63,096	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2018)		(2)
Add: Budgeted Transfer from the General Fund 2018-19	16,605	(3)
Total Preschool Education Aid Funds Available for 2018-19 Budget	79,701	(4)
Less: 2018-19 Budgeted Preschool Education Aid (including prior year budget carryover)	(79,701)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019		(6)
Add: June 30, 2019 Unexpended Preschool Education Aid		(7)
Less: 2018-19 Commissioner-approved Transfer to the General Fund		(8)
2018-19 Carryover - Preschool Education Aid/Preschool Programs	\$	(9)
2018-19 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2019-20	\$	(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, 2019 AND 2018

	<u>Community</u>	<u>Food Service</u>	<u>Totals</u>	
	<u>Program</u>	<u>Enterprise</u>	<u>2019</u>	<u>2018</u>
		<u>Fund</u>		
ASSETS:				
Current Assets:				
Cash	\$ 33,428	\$ 21,745	\$ 55,173	\$ 82,971
Accounts Receivable:				
State		107	107	136
Federal		4,420	4,420	6,012
Other	2,040	1,244	3,284	8,532
Inventory		3,959	3,959	2,933
Total Current Assets	<u>35,468</u>	<u>31,475</u>	<u>66,943</u>	<u>100,584</u>
Fixed Assets:				
Equipment		128,300	128,300	128,300
Accumulated Depreciation		(53,075)	(53,075)	(42,646)
Total Fixed Assets		<u>75,225</u>	<u>75,225</u>	<u>85,654</u>
Total Assets	<u>\$ 35,468</u>	<u>\$ 106,700</u>	<u>\$ 142,168</u>	<u>\$ 186,238</u>
LIABILITIES AND FUND EQUITY:				
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$	\$	\$	\$ 4,526
Interfunds Payable	5,877	9,313	15,190	18,663
Unearned Revenue	5,907	3,632	9,539	9,034
Total Current Liabilities	<u>11,784</u>	<u>12,945</u>	<u>24,729</u>	<u>32,223</u>
Total Liabilities	<u>11,784</u>	<u>12,945</u>	<u>24,729</u>	<u>32,223</u>
Net Position:				
Investment in Fixed Assets		75,225	75,225	85,654
Net Position	23,684	18,530	42,214	68,361
Total Net Position	<u>23,684</u>	<u>93,755</u>	<u>117,439</u>	<u>154,015</u>
Total Liabilities and Fund Equity	<u>\$ 35,468</u>	<u>\$ 106,700</u>	<u>\$ 142,168</u>	<u>\$ 186,238</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, 2019 AND 2018

	Community Program	Food Service Enterprise Fund	Totals	
			2019	2018
OPERATING REVENUES:				
Local Sources:				
Daily Sales				
Reimbursable Programs	\$	\$ 59,129	\$ 59,129	\$ 65,572
Non-Reimbursable Sales		31,929	31,929	32,709
Program Fees	60,105		60,105	76,835
Total Operating Revenue	60,105	91,058	151,163	175,116
OPERATING EXPENSES:				
Cost of Sales - Reimbursable		58,760	58,760	67,700
Cost of Sales - Non Reimbursable		8,878	8,878	12,586
Salaries	4,875	75,498	80,373	75,311
Employee Benefits		24,580	24,580	19,889
Other Purchased Service	58,369		58,369	58,638
General Supplies	2,604	3,723	6,327	13,707
Depreciation		10,429	10,429	10,692
Other	9,087	8,209	17,296	9,686
Total Operating Expenses	74,935	190,077	265,012	268,209
Operating (Loss) Income	(14,830)	(99,019)	(113,849)	(93,093)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program		1,484	1,484	1,651
Federal Sources:				
National School Lunch Program		49,376	49,376	52,776
National School Breakfast Program		17,078	17,078	20,392
Food Distribution Program		8,992	8,992	10,108
Interest	168	175	343	88
Total Non-Operating Revenues	168	77,105	77,273	85,015
Net (Loss) Income before Operating Transfers	(14,662)	(21,914)	(36,576)	(8,078)
Net (Loss) Income	(14,662)	(21,914)	(36,576)	(8,078)
Net Position - July 1	38,346	115,669	154,015	162,093
Net Position - June 30	\$ 23,684	\$ 93,755	\$ 117,439	\$ 154,015

BOROUGH OF FOLSOM SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2019 AND 2018

	Community Program	Food Service Enterprise Fund	Totals	
			2019	2018
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 60,105	\$ 91,058	\$ 151,163	\$ 175,116
Payments to Employees	(4,875)	(100,078)	(104,953)	(95,200)
Payments to Suppliers	(63,247)	(88,034)	(151,281)	(160,132)
Net Cash Used by Operating Activities	(8,017)	(97,054)	(105,071)	(80,216)
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund				
Cash Received from State and Federal Reimbursements		76,930	76,930	84,927
Net Cash Provided by Noncapital Financing Activities		76,930	76,930	84,927
Cash Flows from Investing Activities				
Interest on Investments	168	175	343	88
Net Cash Provided by Investing Activities	168	175	343	88
Net Increase/(Decrease) in Cash	(7,849)	(19,949)	(27,798)	4,799
Cash and Cash Equivalents, July 1	41,277	41,694	82,971	78,172
Cash and Cash Equivalents, June 30	\$ 33,428	\$ 21,745	\$ 55,173	\$ 82,971
Operating Income (Loss)	\$ (14,830)	\$ (99,019)	\$ (113,849)	\$ (93,093)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation		10,429	10,429	10,692
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	5,964	905	6,869	(10,028)
Decrease/(Increase) in Inventory		(1,026)	(1,026)	(658)
Decrease/(Increase) in Other Current Assets				
(Decrease)/Increase in Accounts Payable		(4,526)	(4,526)	3,333
(Decrease)/Increase in Interfund Payable	829	(4,302)	(3,473)	504
(Decrease)/Increase in Deferred Revenue	20	485	505	9,034
Net Cash Used by Operating Activities	\$ (8,017)	\$ (97,054)	\$ (105,071)	\$ (80,216)

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, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	Unemployment Compensation	Agency	Total		
	Expendable Trust	Student Activity	Payroll	2019	2018
ASSETS:					
Cash and Cash Equivalents	\$ 4,966	\$ 24,523	\$	\$ 29,489	\$ 26,525
Total Assets	4,966	24,523		29,489	26,525
LIABILITIES:					
Liabilities:					
Accounts Payable					2,313
Due to Student Groups		24,523		24,523	23,565
Total Liabilities		24,523		24,523	25,878
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	4,966			4,966	647.00
Total Net Postion	\$ 4,966	\$	\$	\$ 4,966	\$ 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, 2019

ADDITIONS:

Contributions

Board Contributions \$ 12,171

Total Contributions 12,171

Investment Earnings

Interest 23

Net Investment Earnings 23

Total Additions 12,194

DEDUCTIONS:

Quarterly Contribution Reports

Unemployment Claims 7,875

Total Deductions 7,875

Change in Net Position 4,319

Net Position - July 1, 2018 647

Net Position - June 30, 2019 \$ 4,966

BOROUGH OF FOLSOM SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1,</u> <u>2018</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>2019</u>
ELEMENTARY SCHOOL	\$ 23,565	\$ 47,959	\$ 47,001	\$	\$ 24,523

BOROUGH OF FOLSOM SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$	\$ 5,328,810	\$ 5,328,810	\$
	<u>\$</u>	<u>\$ 5,328,810</u>	<u>\$ 5,328,810</u>	<u>\$</u>
LIABILITIES:				
Net Payroll	\$	\$ 2,380,185	\$ 2,380,185	\$
Payroll Deductions and Withholdings		2,948,625	2,948,625	
Total Liabilities and Reserves	<u>\$</u>	<u>\$ 5,328,810</u>	<u>\$ 5,328,810</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, 2019

<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, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	4/15/14	\$ 2,016,000	4/15/20	\$ 185,000	3.00%	\$ 1,145,000	\$	\$ 180,000	\$ 965,000
School Additions			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%				
						\$ 1,145,000	\$	\$ 180,000	\$ 965,000

FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 222,150	\$	\$ 222,150	\$ 222,150	\$
State Sources:					
Debt Service Aid Type II					
Total Revenues	222,150		222,150	222,150	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	42,150		42,150	42,150	
Redemption of Principal	180,000		180,000	180,000	
Total Expenditures	222,150		222,150	222,150	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Other Financing Sources:					
Operating Transfers In:					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -	\$	\$ -	\$ -	\$
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Undesignated Fund Balance	\$	\$	\$	\$	\$

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 6,386,455
Restricted	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	2,128,563
Unrestricted (Deficit)	783,046	(445,471)	(370,853)	(428,133)	(392,690)	(1,335,935)	(1,657,047)	(1,796,735)	(1,700,087)	(1,634,966)
Total Governmental Activities Net Position	\$ 6,912,082	\$ 7,278,519	\$ 7,909,932	\$ 8,568,171	\$ 9,019,834	\$ 7,829,307	\$ 7,801,956	\$ 7,939,318	\$ 7,619,664	\$ 6,880,052
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 114,219	\$ 111,406	\$ 111,894	\$ 108,784	\$ 105,675	\$ 102,735	\$ 99,456	\$ 96,346	\$ 85,654	\$ 75,225
Unrestricted	46,052	80,519	81,018	78,168	62,243	54,159	54,335	65,747	68,361	42,214
Total Business-Type Activities Net Position	\$ 160,271	\$ 191,925	\$ 192,912	\$ 186,952	\$ 167,918	\$ 156,894	\$ 153,791	\$ 162,093	\$ 154,015	\$ 117,439
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 6,461,680
Restricted	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	2,128,563
Unrestricted (Deficit)	829,098	(364,952)	(289,835)	(349,965)	(330,447)	(1,281,776)	(1,602,712)	(1,730,988)	(1,631,726)	(1,592,752)
Total District-Wide Net Position	\$ 7,072,353	\$ 7,470,444	\$ 8,102,844	\$ 8,755,123	\$ 9,187,752	\$ 7,986,201	\$ 7,955,747	\$ 8,101,411	\$ 7,773,679	\$ 6,997,491

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,314,655	2,458,409	2,689,576	2,887,694	2,697,071	3,192,428	3,430,488	3,977,265	3,333,007	3,577,171
Special Education	380,943	411,681	414,240	509,740	574,286	699,065	816,046	1,046,806	1,115,804	1,091,265
School Activities	20,782	27,508	32,186	28,011	39,223	43,391	41,028	38,324		
Other Special Instruction	28,550	31,570	39,205	31,716	93,449	153,734	139,245	235,425	366,399	331,142
Support Services										
Tuition	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	1,727,441
Student and Instruction Related Services	774,867	874,874	811,893	840,211	970,186	1,136,299	1,380,153	1,431,748	1,305,633	1,432,072
General and Business Administrative Services	152,365	158,955	163,628	171,411	159,162	201,586	189,373	266,115	198,630	196,081
School Administrative Services	168,914	196,148	237,399	231,113	210,277	201,074	323,997	313,169	261,491	263,984
Central Services and Information Technology	127,543	118,931	126,076	134,798	119,700	132,942	156,659	160,400	256,087	276,666
Plant Operations and Maintenance	387,421	426,050	383,704	385,899	412,567	528,337	464,676	448,798	671,718	635,419
Pupil Transportation	496,899	342,363	356,346	417,280	489,381	512,263	551,766	520,097	611,093	760,424
Capital Outlay		36,018	20,946	28,746	44,325	44,325	44,325	47,841		
Interest on Long-Term Debt	109,908	101,974	97,457	91,458	100,782	57,934	53,072	47,617	85,149	78,144
Unallocated Depreciation and Amortization	211,556	226,859	241,328	246,671	264,647	271,879	274,209	255,762	271,102	334,603
Total Governmental Activities Expenses	6,383,197	6,972,084	7,200,413	7,295,487	7,681,696	8,794,242	9,256,085	10,249,855	10,089,202	10,704,412
Business-Type Activities										
Food Service										
Community Program									194,385	190,077
Proprietary Fund	182,553	157,637	189,879	191,220	217,971	212,944	207,505	241,489	73,824	74,935
Total Business-Type Activities Expense	182,553	157,637	189,879	191,220	217,971	212,944	207,505	241,489	268,209	265,012
Total District Expenses	\$ 6,565,750	7,129,721	7,390,292	7,486,707	7,899,667	9,007,186	9,463,590	10,491,344	10,357,411	10,969,424
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 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	753,268
Charges for Services										
Total Governmental Activities Program Revenues	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	753,268
Business-Type Activities										
Charges for Services										
Food Service	100,032	106,518	93,554	84,981	88,944	97,562	115,185	167,301		
Community Program									98,281	91,058
Operating Grants and Contributions	95,059	82,768	97,290	100,250	109,974	104,331	89,009	82,335	76,835	60,105
Total Business-Type Activities Program Revenues	195,091	189,286	190,844	185,231	198,918	201,893	204,194	249,636	260,043	228,268
Total District Program Revenues	\$ 1,425,755	1,174,979	1,209,634	1,351,771	1,266,900	1,918,064	2,330,363	2,932,264	1,045,146	981,536
Net (Expense)/Revenue										
Governmental Activities										
Governmental Activities	\$ (5,152,533)	(5,986,391)	(6,181,623)	(6,128,947)	(6,613,714)	(7,078,071)	(7,129,916)	(7,567,227)	(9,304,099)	(9,951,144)
Business-Type Activities										
Business-Type Activities	12,538	31,649	965	(5,989)	(19,053)	(11,051)	(3,311)	8,147	(8,166)	(36,744)
Total District-Wide Net Expense	\$ (5,139,995)	(5,954,742)	(6,180,658)	(6,134,936)	(6,632,767)	(7,089,122)	(7,133,227)	(7,559,080)	(9,312,265)	(9,987,888)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Local Tax Levy	\$ 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	1,871,223
Unrestricted Grants and Contributions	4,466,993	4,690,444	5,059,334	5,014,780	5,227,393	5,276,061	5,267,097	5,478,052	7,020,404	7,427,487
Tuition Received										
Investment Earnings	5,047	254	554	1,007	640	757	10,190	10,577	9,834	16,369
Miscellaneous Income	29,896	53,200	10,825	5,202	36,678	269	8,990	373,073	29,205	5,801
Prior Year Fixed Asset Adjustment									56,873	(93,364)
Transfers		2,265								(15,984)
Total Governmental Activities	6,155,054	6,352,827	6,813,037	6,787,186	7,065,378	7,057,096	7,102,565	7,704,590	8,984,444	9,211,532
Business-Type Activities										
Investment Earnings	42	6	21	28	18	26	208	155	88	168
Total Business-Type Activities	42	6	21	28	18	26	208	155	88	168
Total District-Wide	\$ 6,155,096	6,352,833	6,813,058	6,787,214	7,065,396	7,057,122	7,102,773	7,704,745	8,984,532	9,211,700
Change in Net Position										
Governmental Activities										
Governmental Activities	\$ 1,002,521	366,436	631,414	658,239	451,664	(20,975)	(27,351)	137,363	(319,655)	(739,612)
Business-Type Activities										
Business-Type Activities	12,580	31,655	986	(5,961)	(19,035)	(11,025)	(3,103)	8,302	(8,078)	(36,576)
Total District-Wide	\$ 1,015,101	398,091	632,400	652,278	432,629	(32,000)	(30,454)	145,665	(327,733)	(776,188)

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	\$ 2,128,563
Assigned - Encumbrances		194,549	84,734	229,070	229,880	38,465	157,394	204,815	18,966	79,251
Unassigned (Deficit)		(289,420)	(248,924)	(286,434)	(306,269)	(296,629)	(276,236)	(311,366)	(238,174)	(236,797)
Reserved	1,974,590									
Unreserved	(309,101)									
Total General Fund	\$ 1,665,489	\$ 1,618,393	\$ 2,255,993	\$ 2,849,650	\$ 2,995,887	\$ 2,901,899	\$ 2,865,118	\$ 2,953,375	\$ 2,507,982	\$ 1,971,017
All Other Governmental Funds										
Restricted	\$	\$	\$ 1	\$ 1	\$ 10,296	\$ 10,296	\$ 10,296	\$ 10,296	\$	\$
Unassigned, Reported in:										
Special Revenue Fund (Deficit)									(8,288)	(6,309)
Debt Service Fund	1	1								
Total All Other Governmental Funds	\$ 1	\$ 1	\$ 1	\$ 1	\$ 10,296	\$ 10,296	\$ 10,296	\$ 10,296	\$ (8,288)	\$ (6,309)

Source: CAFR Schedule B-1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 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	\$ 1,871,223
Tuition Charges	59,511	53,200						98,028	6,475	
Interest Earnings	551	254	554	1,007	640	757	10,190	10,577	9,834	16,369
Miscellaneous	7,022	2,265	10,825	5,202	36,678	269	8,990	275,045	97,322	5,801
State Sources	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	6,983,250
Federal Sources	1,105,196	237,771	399,226	220,967	219,306	225,369	192,146	259,876	228,602	229,433
Other Sources										
Total Revenues	6,605,716	7,338,520	7,831,826	7,953,725	8,133,360	8,204,228	8,337,094	8,912,901	8,888,641	9,106,076
Expenditures										
Instruction										
Regular Instruction	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	2,127,928
Special Education Instruction	297,007	308,541	300,936	373,669	423,186	452,303	472,682	531,381	601,363	572,193
School Activities	20,782	27,508	32,186	28,011	39,223	43,391	41,028	38,324		
Other Special Instruction	28,550	31,570	39,205	31,716	93,449	153,734	139,245	235,425	202,797	176,015
Support Services										
Tuition	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	1,727,441
Student and Instruction Related Services	604,133	655,688	589,821	615,923	714,920	735,198	799,431	726,785	748,346	793,782
General Administrative Services	118,793	119,131	118,872	125,654	117,285	130,428	109,691	135,086	137,658	133,594
School Administrative Services	131,695	147,006	172,465	169,419	154,951	130,097	187,670	158,971	153,318	149,364
Central Services and Information Technology	127,543	118,931	126,076	134,798	119,700	132,942	156,659	160,400	154,037	162,983
Plant Operations and Maintenance	387,421	426,050	383,704	385,899	412,567	528,337	464,676	448,798	512,702	467,530
Pupil Transportation	496,899	342,363	356,346	417,280	489,381	512,263	551,766	520,097	604,498	753,187
Employee Benefits	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	2,252,725
Capital Outlay	236,216	536,127	71,965	229,260	417,497	242,878	199,470	287,265	210,098	86,186
Debt Service	249,908	244,308	248,708	242,707	276,568	226,050	231,250	226,150		
Principal									180,000	180,000
Interest and Other Charges									49,350	42,150
Total Expenditures	6,553,685	7,385,616	7,194,227	7,360,068	8,016,982	8,298,216	8,373,876	8,824,644	9,352,617	9,625,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,032	(47,096)	637,600	593,657	116,377	(93,988)	(36,781)	88,257	(463,976)	(519,002)
Other Financing Sources (Uses)										
Transfer to Charter School										(15,984)
Total Other Financing Sources (Uses)										(15,984)
Net Change in Fund Balances	\$ 52,032	\$ (47,096)	\$ 637,600	\$ 593,657	\$ 116,377	\$ (93,988)	\$ (36,781)	\$ 88,257	\$ (463,976)	\$ (534,986)
Debt Service as a Percentage of Noncapital Expenditures	3.96%	3.57%	3.49%	3.40%	3.64%	2.81%	2.83%	2.65%	2.51%	2.33%

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>
2019	\$	\$ 16,369	\$ -	\$	\$ 5,801	\$ 22,170
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

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2019*	\$ 5,762,000	\$	\$	\$ 131,694,600	\$ 907,500	\$ 267,400	\$ 35,823,100	\$ 174,454,600	\$	\$ 174,454,600	1.091	\$ 167,503,217
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

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			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Local	County	Total	Total
2019 *	0.961	0.130	1.091	0.384	0.531	0.915	2.006
2018	0.953	0.127	1.080	0.384	0.894	1.278	2.358
2017	1.730	0.000	1.730	0.616	0.804	1.420	3.150
2016	1.713	0.000	1.713	0.607	0.715	1.322	3.035
2015	1.675	0.000	1.675	0.661	0.816	1.477	3.152
2014	1.649	0.000	1.649	0.59	0.802	1.392	3.041
2013	1.691	0.000	1.691	0.570	0.678	1.248	2.939
2012	1.668	0.000	1.668	0.556	0.647	1.203	2.871
2011	1.648	0.000	1.648	0.556	0.632	1.188	2.836
2010	1.609	0.000	1.609	0.538	0.580	1.118	2.727

* 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	2019			2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
SOUTH JERSEY INDUSTRIES	\$ 6,239,700	1	3.58%	\$ 5,461,400	1	5.18%
IBEW LOCAL 351	3,116,600	2	1.79%	879,000	8	0.83%
LABORERS LOCAL 172-174	2,613,300	3	1.50%	899,100	7	0.85%
C & E CANNERS, INC	2,378,400	4	1.36%	1,308,700	3	1.24%
AMERICAN GALVANIZING CO	2,246,500	5	1.29%	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	0.72%			
TAXPAYER #2				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			0.68%	1,222,800	4	1.16%
FOLSOM DEVELOPMENT ASSOC.	1,180,100	10				
Total	\$ 23,077,100		13.23%	\$ 14,830,800		14.07%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2019	\$ 1,871,223	\$ 1,871,223	100%	\$
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%	

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 ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income ^a		Per Capita ^a	
2019	\$ 965,000	\$	\$	\$	\$ 965,000	1.14%	\$ 539	
2018	1,145,000				1,145,000	1.40%	659	
2017	1,325,000				1,325,000	1.63%	760	
2016	1,495,000				1,495,000	1.85%	827	
2015	1,665,000				1,665,000	2.07%	910	
2014	1,825,000				1,825,000	2.29%	990	
2013	2,026,000				2,026,000	2.59%	1,092	
2012	2,176,000				2,176,000	2.80%	1,165	
2011	2,326,000				2,326,000	3.03%	1,235	
2010	2,466,000				2,466,000	3.35%	1,307	

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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2019	* \$ 965,000	\$	\$ 965,000	0.58%	\$ 539
2018	1,145,000		1,145,000	0.69%	639
2017	1,325,000		1,325,000	1.23%	737
2016	1,495,000		1,495,000	1.39%	827
2015	1,665,000		1,665,000	1.54%	910
2014	1,825,000		1,825,000	1.69%	990
2013	2,026,000		2,026,000	1.90%	1,092
2012	2,176,000		2,176,000	2.06%	1,165
2011	2,326,000		2,326,000	2.20%	1,235
2010	2,466,000		2,466,000	2.32%	1,307

* 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, 2019
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of the School District	\$ 965,000	100%	\$ 965,000
Debt Repaid with Property Taxes			
Local Municipality	349,969	100%	349,969
Other Debt			
County of Atlantic	148,371,554	0.55%	812,107
Subtotal, Overlapping Debt			<u>2,127,076</u>
Borough of Folsom School District Direct Debt			
Total Direct and Overlapping Debt			<u><u>\$ 2,127,076</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 2019

Equalized Valuation Basis

2018	\$	169,700,078
2017		163,342,765
2016		172,782,614

[A] \$ 505,825,457

Average Equalized Valuation of Taxable Property [A/3] \$ 168,608,486

Debt Limit (3% of Average Equalization Value) [B] 5,058,255 a

Net Bonded School Debt [C] 965,000

Legal Debt Margin [B-C] \$ 4,093,255

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 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	\$ 5,058,255
Total Net Debt Applicable to Limit	<u>2,466,000</u>	<u>2,326,000</u>	<u>2,176,000</u>	<u>2,026,000</u>	<u>1,825,000</u>	<u>1,665,000</u>	<u>1,495,000</u>	<u>1,325,000</u>	<u>1,145,000</u>	<u>965,000</u>
Legal Debt Margin	<u>\$ 3,464,685</u>	<u>\$ 3,819,402</u>	<u>\$ 3,657,420</u>	<u>\$ 3,540,062</u>	<u>\$ 3,664,599</u>	<u>\$ 3,608,674</u>	<u>\$ 3,651,844</u>	<u>\$ 3,754,893</u>	<u>\$ 3,890,796</u>	<u>\$ 4,093,255</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	41.58%	37.85%	37.30%	36.40%	33.24%	31.57%	29.05%	26.08%	22.74%	19.08%

a 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 ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>	
2019	*	1,790	\$ 85,012,104	\$ 47,493	6.50%
2018		1,792	81,709,745	47,023	6.60%
2017		1,797	81,124,220	46,557	6.90%
2016		1,808	80,945,968	44,771	7.40%
2015		1,829	80,572,937	44,053	8.60%
2014		1,844	79,741,936	43,244	10.20%
2013		1,856	78,325,056	42,201	6.40%
2012		1,868	77,790,992	41,644	6.10%
2011		1,884	76,761,696	40,744	6.10%
2010		1,887	73,525,068	38,964	6.10%

*Estimate

Source:

^a For Atlantic County, Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d 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>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Borgata Hotel Casino and Spa	5,800	5.18%	Not Available	
Harrah's	3,400	3.04%		
Tropicana	3,000	2.68%		
Caesars	3,000	2.68%		
	<u>15,200</u>	<u>13.57%</u>		

Source: This information is for Atlantic County

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

<u>Function/Program</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>	<u>2019</u>
Instruction										
Regular	29.5	29.5	29.7	30.0	29.0	31.0	32.0	31.0	30.0	30.0
Special Education	6.6	6.6	7.7	7.7	7.8	10.0	10.0	11.0	12.0	10.0
Other Special Education								1.0	1.0	4.0
Vocational										
Other Instruction	1.0	1.0	1.0	2.4	2.4		1.3	3.0	3.0	3.0
Support Services:										
Tuition										
Student & Instruction Related Services	6.1	6.1	6.2	6.2	6.0	7.0	7.0	6.0	6.0	7.0
General Administrative Services	1.5	1.5	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0
School Administrative Services	1.5	1.5	2.3	2.3	2.3	4.0	4.0	4.0	4.0	4.0
Business Administrative Services	2.7	2.7	1.7	1.7	1.7	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	4.0	4.0	5.2	4.5	4.5	4.0	4.0	4.0	4.0	4.0
Other						1.3	1.0	1.3	1.3	1.3
Food Service	3.1	3.1	2.9	3.6	3.6	3.3	3.3	2.5	3.3	3.3
Community Program							2.0	2.0	2.0	2.0
Total	56.0	56.0	57.4	59.1	58.3	63.6	67.6	68.8	69.6	71.6

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^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c (e)</u>	<u>Average Daily Attendance (ADA)^c (e)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2019	477	\$ 9,316,742	\$ 19,532	1.90%	46.0	8.72 : 1	397.2	381.0	0.53%	95.92%
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%

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>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>	<u>2019</u>
<u>District Building</u>										
<u>Elementary</u>										
Folsom Elementary School										
Square Feet	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507
Capacity (Students)	435	435	435	435	435	435	435	435	435	435
* Enrollment	399	403	418	424	435	415	415	401	398	401

Number of Schools at June 30, 2018

 Elementary = 1

 Middle School = 0

 Other = 0

* Includes K - 8 only

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>2019</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>
Folsom School	57,507	\$ 155,761	\$ 166,921	\$ 129,633	\$ 149,576	\$ 104,646	\$ 86,997	\$ 112,947	\$ 108,188	\$ 120,416	\$ 88,191
Total School Facilities		<u>155,761</u>	<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>
Other Facilities											
Grand Total		<u>\$ 155,761</u>	<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>

BOROUGH OF FOLSOM SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (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	180,000	
	Board Secretary/Business Administrator	25,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

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, 2019, 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 November 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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
November 13, 2019

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

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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, 2019. 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, 2019.

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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 material weaknesses or significant deficiencies. 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 November 13, 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
November 13, 2019

BOROUGH OF FOLSOM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2018			Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	June 30, 2019		
				From	To		(Accounts Receivable)	Unearned Revenue	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education															
General Fund															
Total General Fund															
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Child Nutrition Cluster:															
Cash Assistance:															
National School Lunch Program	10.555	191NJ304N1099	N/A	7/1/18	6/30/19	\$ 49,376	\$	\$	46,106	\$ (49,376)	\$	(49,376)	(3,270)	\$	
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/17	6/30/18	52,776	(4,282)		4,282						
National School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18	6/30/19	17,078			15,928	(17,078)		(17,078)	(1,150)		
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17	6/30/18	20,392	(1,730)		1,730						
Non-Cash Assistance:															
Food Distribution Program	10.565	Unknown	N/A	7/1/17	6/30/18	10,108		913		(913)					
Food Distribution Program	10.565	Unknown	N/A	7/1/18	6/30/19	9,590			9,590	(8,079)		(8,079)		1,511	
Total Enterprise Fund															
							(6,012)	913	77,636	(75,446)		(74,533)	(4,420)	1,511	
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
E.S.E.A.:															
Title I, Part A	84.010A	S010A180030	ESEA-1350-19	7/1/18	6/30/19	76,120			70,194	(76,120)		(76,120)	(5,926)		
Title II, Part A	84.367A	S367A180029	ESEA-1350-19	7/1/18	6/30/19	8,049			7,819	(8,049)		(8,049)	(230)		
Title IV	84.424	S424A180031	ESEA-1350-19	7/1/18	6/30/19	10,000			10,000	(10,000)		(10,000)			
REAP	84.358A	S358A180944	REAP-1350-19	7/1/18	6/30/19	35,311			35,311	(35,311)		(35,311)			
IDEA Cluster:															
I.D.E.A. Part B	84.027	H027A180100	IDEA-1350-19	7/1/18	6/30/19	95,312			95,312	(95,312)		(95,312)			
I.D.E.A. Preschool	84.173	H173A180114	IDEAPS-1350-19	7/1/18	6/30/19	4,641			4,641	(4,641)		(4,641)			
Total Special Revenue Fund									223,277	(229,433)		(229,433)	(6,156)		
Total Federal Financial Awards							\$ (6,012)	\$ 913	\$ 300,913	\$ (304,879)	\$	\$ (304,879)	\$ (10,576)	\$ 1,511	\$

(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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance at June 30, 2019			MEMO		
					(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund														
Equalization Aid	18-495-034-5120-078	7/1/17	6/30/18	\$4,183,885	\$ (409,628)		\$ 409,628							
Equalization Aid	19-495-034-5120-078	7/1/18	6/30/19	4,183,885			3,774,952	\$ (4,183,885)	\$ (408,933)			* \$ (408,933)	\$ 4,183,885	
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	279,894	(27,403)		27,403							
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	6/30/19	362,025			326,641	(362,025)	(35,384)			* (35,384)	362,025	
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	50,786	(4,972)		4,972							
Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	181,520			163,778	(181,520)	(17,742)			* (17,742)	181,520	
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	79,030	(7,737)		7,737							
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	79,030			71,306	(79,030)	(7,724)			* (7,724)	79,030	
School Choice Aid	18-495-034-5120-068	7/1/17	6/30/18	876,512	(85,816)		85,816							
School Choice Aid	19-495-034-5120-068	7/1/18	6/30/19	1,062,672			958,807	(1,062,672)	(103,865)			* (103,865)	1,062,672	
Under Adequacy Aid	18-495-034-5120-096	7/1/17	6/30/18	30,122	(2,949)		2,949							
Additional Adjustment Aid	18-495-034-5120-085	7/1/17	6/30/18	126,420	(12,377)		12,377							
PARCC Readiness aid	18-495-034-5120-098	7/1/17	6/30/18	5,180	(507)		507							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	5,180	(507)		507							
Prof Learning Comm Aid	18-495-034-5120-101	7/1/17	6/30/18	4,730	(463)		463							
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	580	(580)		580							
Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	2,320				(2,320)	(2,320)			*	2,320	
Extraordinary Aid	18-495-034-5120-044	7/1/17	6/30/18	63,605	(63,605)		63,605							
Extraordinary Aid	19-495-034-5120-044	7/1/18	6/30/19	84,531				(84,531)	(84,531)			*	84,531	
Reimbursed TPAF Social Security Contrib.	19-495-034-5094-003	7/1/18	6/30/19	207,506			186,925	(207,506)	(20,581)			*	207,506	
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	7/1/18	6/30/19	236,628			236,628	(236,628)				*	236,628	
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	7/1/18	6/30/19	521,670			521,670	(521,670)				*	521,670	
On-behalf TPAF Long-term Disability Contrib	19-495-034-5094-004	7/1/18	6/30/19	1,072			1,072	(1,072)				*	1,072	
Total General Fund														
					(616,544)		6,858,323	(6,922,859)	(681,080)			(573,648)	6,922,859	
Special Revenue Fund														
Preschool Education Aid	18-495-034-5120-086	7/1/17	6/30/18	82,880	(8,288)		8,288							
Preschool Education Aid	19-495-034-5120-086	7/1/18	6/30/19	79,701			73,392	(79,701)	(6,309)			* (6,309)	79,701	
					(8,288)		81,680	(79,701)	(6,309)			(6,309)	79,701	
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Prog. (State Share)	18-100-010-3350-023	7/1/17	6/30/18	1,651	(136)		136							
National School Lunch Prog. (State Share)	19-100-010-3350-023	7/1/18	6/30/19	1,484			1,377	(1,484)	(107)			*	1,484	
Total Enterprise Fund					(136)		1,513	(1,484)	(107)				1,484	
Total State Financial Assistance					\$ (624,968)		\$6,941,516	\$ (7,004,044)	\$ (687,496)			\$ (579,957)	\$ 7,004,044	
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	7/1/18	6/30/19	236,628			\$ 236,628	\$ (236,628)						
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	7/1/18	6/30/19	521,670			521,670	(521,670)						
On-behalf TPAF Long-term Disability Contrib	19-495-034-5094-004	7/1/18	6/30/19	1,072			1,072	(1,072)						
Total State Financial Assistance - Major Program Determination							\$6,182,146	\$ (6,244,674)						

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, 2019

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, 2019
(Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$21,289 for the general fund and \$(1,979) 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	\$	\$ 6,901,570	\$ 6,901,570
Special Revenue Fund	229,433	81,680	311,113
Food Service Fund	<u>75,446</u>	<u>1,484</u>	<u>76,930</u>
Total Financial Assistance	\$ <u>304,879</u>	\$ <u>6,984,734</u>	\$ <u>7,289,613</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, 2019.

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, 2019. 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, 2019.

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, 2019

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
- 2) Significant deficiencies identified? _____ yes X none 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
- 2) Significant deficiencies identified? _____ Yes _____ none 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, 2019
(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, 2019
(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, 2019**

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 15-08.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.