

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, 2021

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Borough of Folsom Board of Education

Folsom, New Jersey

For the Fiscal Year Ended June 30, 2021

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, 2021**

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FOLSOM ELEMENTARY SCHOOL

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Matthew Mazzoni, Ed.D.

Superintendent

Christopher R. Veneziani

Business Administrator

Michele L. Hetzel

*Director of Curriculum & Instruction
& Special Education*

January 27, 2022

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, 2021, 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 2020-2021 fiscal year with an enrollment of 387 students. The following details the changes in the student enrollment of the District over the last ten years.

Annual Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-21	387	0.5%
2019-20	385	(3.9%)
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%

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 2020-2021 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 ready to return to a sense of normalcy after spending approximately 16 months in a remote, hybrid, and then in-person learning due to the COVID-19 pandemic. During this time, the district attempted to continue the great strides made prior to the pandemic. With that said, we are ready to move forward with a high standard in the areas of teaching and learning.

Folsom School District continued 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.

A leadership team made up of teachers and administrators called the Folsom Leadership Team (FLT) continued to make school-wide decisions such as in the areas of educator evaluations, professional development, and assessments. The goal of the FLT was to meet twice a month to support the vision and mission of Folsom School District.

In addition to the Folsom Leadership Team (FLT), teachers continued to meet weekly during common planning periods to address grade level and district goals. Folsom staff continued to receive training in the areas of mathematics, English Language Arts, resiliency, and other components of Achieve NJ provided in-district using resources available through the NJDOE.

The district continued to purchase and install upgraded hardware and software, in accordance with the adopted Technology Plan. The district implemented digital content to support the instructional program and provided opportunities of differentiated learning for diverse student learners. Folsom School District supported a 1:1 technology device to student initiative for students in K – 8. Furthermore, Google Applications for Education (GAFE) was successfully implemented into the remote teaching platforms to support student learning and will continue to provide a learning platform for our students.

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 continued 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 continues to use Realtime for digital submission of lesson plans in the 2020-2021 school year. Teachers utilize web-based platforms such as Google Classroom to maintain consistent communication between school and home.

The teaching staff, under the guidance of administration, continued 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 New Jersey Student Learning Standards. 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 were recently completed that included addition of Audio-Visual Production, Computer Applications, and Computer Technology.

College and Career ready standards were integrated throughout grades PK-5 instruction, with additional programs such as Junior Achievement and the Gifted & Talented program. In grades 6 through 8, 21st century skills and college and career readiness were supported through the following programs: Financial Literacy, Technology, Graphic Design, and Computer Applications.

Programs – The school district attempted to maintain as many regular and extracurricular programs possible during the 2020-2021 SY. Unfortunately, the guidance from the NJDOE and the limitations of physical space did not make it possible for winter indoor sports such as basketball and cheerleading along with a chorus program.

The Gifted & Talented Program for students in grades 6-8 occurred virtually once a week for students meeting the program eligibility criteria using multiple measures.

The Title I Basic Skills Instruction (BSI) program continued to support students with skills deficits as identified through the Intervention and Referral Services (I&RS) referral process. The Title I BSI program supported students with additional teacher support on virtual Wednesdays and then more frequently upon the school's return to in-person instruction starting on April 12, 2021. The identified BSI teachers used progress monitoring to track student progress throughout the school year

Students received 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 received social and emotional learning (SEL) lessons from the school counselor on a weekly basis – whether in-person or virtually. Weekly lessons during morning meetings and health in grades PK-5 included similar, age and developmentally appropriate instruction.

Folsom is focused on improving student success in the content area of mathematics and English Language Arts. Folsom is addressing the curriculum and instruction through the services of a math and ELA consultant, respectively.

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, 2021.

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, 2021 the District's outstanding debt included \$595,000 of general obligation bonds. The amount of unvoted debt available is \$4,669,234, 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 Mazzoni

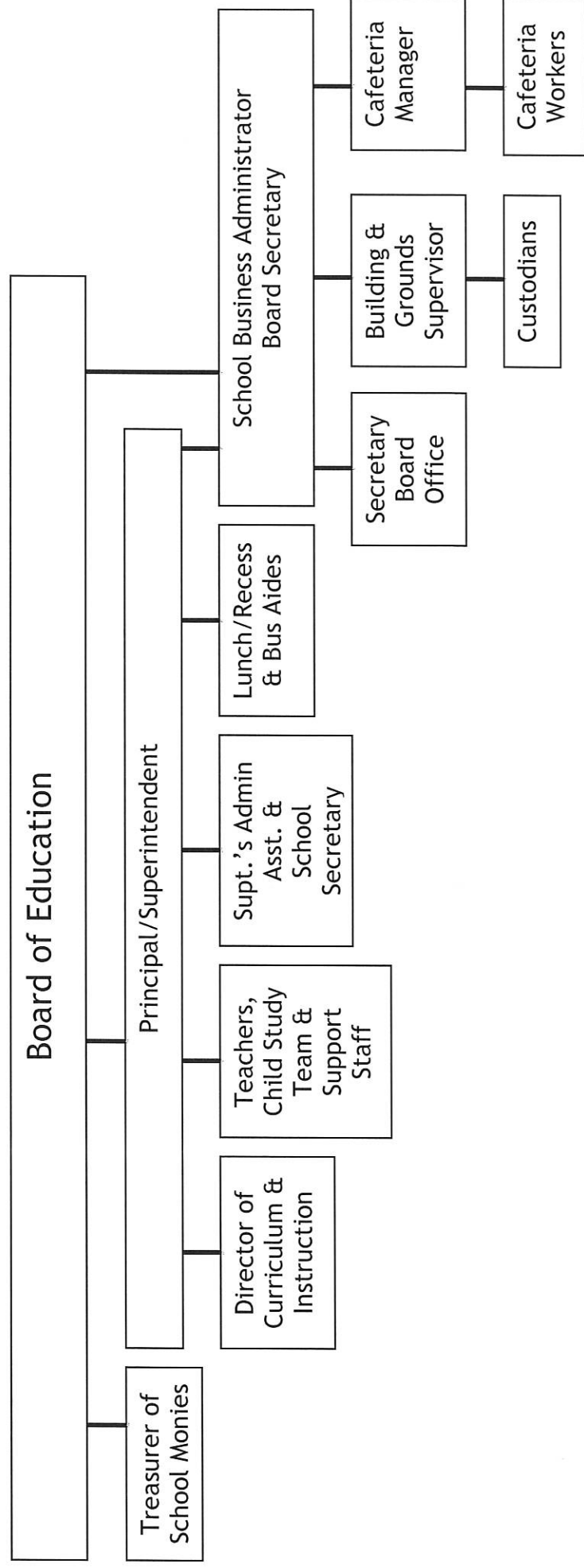
Dr. Matthew Mazzoni, Chief School Administrator

Christopher R. Veneziani

Christopher R. 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, 2021

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Glenn Smith, President	2023
Lisa O'Toole, Vice President	2023
Daria DeStefano	2021
Marisa Scibilia	2022
Tiffani Dych	2021
John Thomas	2021
Andrea Way	2022
<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
Kasi Marie Gifford, Board Attorney	

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 08037

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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough Folsom School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 27, 2022 on our consideration of the Borough of Folsom Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Folsom Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Borough of Folsom Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

January 27, 2022

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, 2021**

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, 2021 year include the following:

- Net Position for Governmental and Business-Type activities was \$6,872,173 and \$98,298 totaling \$6,970,471.
- Net Position increased by \$163,483 in Governmental Activities and increased by \$14,104 in the Business-Type activities.
- The fund balance of the General Fund as of June 30, 2021 was \$2,139,676, which is a increase of \$283,005 when compared with the beginning balance of \$1,856,671.
- The District's outstanding bonded debt at June 30, 2021 is \$595,000.

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,	
	2021	2020	2021	2020
Current and Other Assets	2,252,519	\$ 1,906,538	\$ 111,659	\$ 37,047
Capital Assets	6,840,067	7,165,622	8,068	62,056
Deferred Outflows	350,228	487,946		
Total Assets	9,442,814	9,560,106	119,727	99,103
Long-Term Liabilities	1,690,278	2,101,598		
Other Liabilities	290,675	264,964	21,429	14,909
Deferred Inflows	589,688	523,541		
Total Liabilities	2,570,641	2,890,103	21,429	14,909
Net Position				
Invested in Capital Assets	6,245,067	6,385,622	8,068	62,056
Restricted	2,219,791	2,022,285		
Unrestricted	(1,592,685)	(1,737,904)	90,230	22,138
Total Net Position	\$ 6,872,173	\$ 6,670,003	\$ 98,298	\$ 84,194

Summary of Changes in Net Position

	Governmental Activities		Business Activities		Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenues						
Program Revenue						
Charges for Services	\$ 21,845	\$	\$ 23,394	\$ 116,108	\$ 45,239	\$ 116,108
Grants and Entitlements	928,487	757,992	263,139	61,252	1,191,626	819,244
General Revenue						
Property Taxes	1,997,216	1,903,804			1,997,216	1,903,804
Grants and Entitlements	8,102,652	7,186,827			8,102,652	7,186,827
Other	86,490	40,972	(52,003)	30,318	34,487	71,290
Total Revenues	11,136,690	9,889,595	234,530	207,678	11,371,220	10,097,273
Expenses						
Instruction	5,158,214	4,665,566			5,158,214	4,665,566
Support Services	3,695,174	3,291,978			3,695,174	3,291,978
Tuition	1,694,412	1,840,288			1,694,412	1,840,288
Interest on Debt	66,867	72,803			66,867	72,803
Unallocated Depreciation	358,540	229,009			358,540	229,009
Business-Type Activities			220,426	240,923	220,426	240,923
Total Expenses	10,973,207	10,099,644	220,426	240,923	11,193,633	10,340,567
Change in Net Position	\$ 163,483	\$ (210,049)	\$ 14,104	\$ (33,245)	\$ 177,587	\$ (243,294)

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 Activity revenues were \$11,136,690 for the fiscal year ended June 30, 2021. Property taxes made up 17.9% percent of revenues for governmental activities for the Borough of Folsom School District for fiscal year 2021. Federal, state and local grants accounted for \$9,031,139 or another 81.1% and miscellaneous sources accounted for 1%. The total cost of all program and services was \$11,193,633. Instruction expenses of \$5,158,214 comprised 46.1% 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

	June 30, 2021	June 30, 2020	Change
Restricted			
Capital Reserve	\$ 584,771	\$ 582,375	\$ 2,396
Maintenance Reserve	215,869	249,919	(34,050)
Emergency Reserve	119,361	118,914	447
Student Activities	30,209		30,209
Inemployment Compensation	14,207		14,207
Excess Surplus	1,155,023	984,226	170,797
Assigned			
Encumbrances	67,313	69,635	(2,322)
Designated for Budget	100,351	86,851	13,500
Unassigned			
Special Revenues	(5,967)	(5,867)	(100)
General	(117,219)	(245,863)	128,644
Total	\$ 2,163,918	\$ 1,840,190	\$ 323,728

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 \$9,942,171 and expenditures of \$9,657,130. The net positive/negative change in fund balance for the year was an increase of \$285,041 which was attributed to the appropriation of surplus. There was also a prior period adjustment of \$38,687 for recognition of GASB #84.

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, 2021, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2020	Percent/ Increase (Decrease)
Local Sources	\$ 2,072,566	20%	\$ 111,634	6%
State Sources	7,509,271	76%	164,356	2%
Federal Sources	360,334	4%	132,032	58%
Total	\$ 9,942,171	100%	\$ 408,022	4.58%

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2021.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent/ Increase (Decrease)</u>
Current:				
Instruction	\$ 2,768,465	29%	\$ (65,600)	-2.3%
Tuition	1,694,412	18%	(145,876)	-8.4%
Undistributed Expenditures	4,933,336	51%	274,429	5.8%
Capital Outlay	44,717	0%	(28,940)	-33.6%
Debt Service:				
Principal	185,000	2%	0	0.00%
Interest	31,200	0%	(5,550)	-13.17%
Total	<u>\$ 9,657,130</u>	<u>100%</u>	<u>\$ 28,463</u>	<u>0.30%</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 was \$7,803,974. Actual revenues, excluding on-behalf contributions for Pension and Social Security of \$1,268,593 (which are not budgeted), were \$8,011,114.

Expenditures

The General Fund adopted expenditures were budgeted at \$8,408,749. Actual expenditures, not including on-behalf contributions for Pension and Social Security (which are not budgeted), were \$7,710,689, excluding \$26,013 transferred to the Preschool Program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021 the District had \$12,962,020 invested in land, building, and equipment less \$6,113,885 in accumulated depreciation expense. For more detailed information, please refer to the Notes to the Financial Statements.

	Governmental Activities		Business Activities		Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Facilities and Improvements	\$ 5,973,757	\$ 6,733,010	\$	\$	\$ 5,973,757	\$ 6,733,010
Equipment	866,310	432,612	8,068	62,056	874,378	494,668
	<u>\$ 6,840,067</u>	<u>\$ 7,165,622</u>	<u>\$ 8,068</u>	<u>\$ 62,056</u>	<u>\$ 6,848,135</u>	<u>\$ 7,227,678</u>

Debt Administration

At the end of fiscal year 2021, the School District had \$1,894,061 of outstanding debt. Of this amount, \$128,807 is for compensated absences and \$595,000 is for general obligation bonds, \$1,150,394 represents Net Pension Liability and \$19,860 represents the unamortized premium on bonds. The amount of allowable unvoted debt is \$4,669,234. 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, 2021

	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,092,604	\$ 80,418	\$ 1,173,022
Receivables, Net	240,806	25,951	266,757
Restricted Assets:			
Cash and Cash Equivalents	919,109		919,109
Capital Assets, Net (Note 8)	6,840,067	8,068	6,848,135
Inventory		5,290	5,290
Total Assets	9,092,586	119,727	9,212,313
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflow	350,228		350,228
Total Deferred Outflows of Resources	350,228		350,228
LIABILITIES			
Accounts Payable	88,481	6,775	95,256
Accrued Interest Payable	4,958		4,958
Unearned Revenue	120	7,987	8,107
Non-current Liabilities (Note 9):			
Due Within One Year	197,116	1,632	198,748
Due Beyond One Year	1,690,278	5,035	1,695,313
Total Liabilities	1,980,953	21,429	2,002,382
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflow	589,688		589,688
Total Deferred Inflows of Resources	589,688		589,688
NET POSITION			
Invested in Capital Assets, Net of Related Debt	6,245,067	8,068	6,253,135
Restricted for:			
Capital Reserve	584,771		584,771
Maintenance Reserve	215,869		215,869
Emergency Reserve	119,361		119,361
Other Purposes	1,255,374		1,255,374
Unemployment Compensation	14,207		14,207
Student Activities	30,209		30,209
Unrestricted (Deficit)	(1,592,685)	90,230	(1,502,455)
Total Net Position	\$ 6,872,173	\$ 98,298	\$ 6,970,471

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, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,719,602	\$	\$ 322,324	\$ (3,397,278)		\$ (3,397,278)
Special Education	1,037,888			(1,037,888)		(1,037,888)
Other Instruction	400,724			(400,724)		(400,724)
Support Services:						
Tuition	1,694,412			(1,694,412)		(1,694,412)
Student & Instruction Related Services	1,675,677	21,845	139,324	(1,514,508)		(1,514,508)
General and Business Admin Services	210,768			(210,768)		(210,768)
School Administrative Services	285,108			(285,108)		(285,108)
Central Services	311,681			(311,681)		(311,681)
Plant Operations and Maintenance	663,503			(663,503)		(663,503)
Pupil Transportation	548,437			(548,437)		(548,437)
Employee Benefits			466,839	466,839		466,839
Interest Expense	66,867			(66,867)		(66,867)
Unallocated Depreciation	358,540			(358,540)		(358,540)
Total Governmental Activities	10,973,207	21,845	928,487	(10,022,875)		(10,022,875)
Business-Type Activities:						
Food Service	195,455	6,692	263,139		74,376	74,376
Community Program	24,971	16,702			(8,269)	(8,269)
Total Business-Type Activities	220,426	23,394	263,139		66,107	66,107
Total Primary Government	\$ 11,193,633	\$ 45,239	\$ 1,191,626	(10,022,875)	66,107	(9,956,768)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,997,216		1,997,216
Federal and State Aid Not Restricted				8,102,652		8,102,652
Investment Earnings				10,469	194	10,663
Miscellaneous Income				43,036		43,036
Fixed Asset Adjustment				32,985	(52,197)	(19,212)
Total General Revenues, Special Items, Extraordinary Items and Transfers				10,186,358	(52,003)	10,134,355
Change in Net Position				163,483	14,104	177,587
Net Position—Beginning				6,670,003	84,194	6,754,197
Prior Period Adjustment				38,687		38,687
Net Position, July 1 (restated)				6,708,690	84,194	6,792,884
Net Position—Ending				\$ 6,872,173	\$ 98,298	\$ 6,970,471

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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,052,737	\$ 30,209	\$	\$ 1,082,946
Cash and Cash Equivalents - Capital Reserve	584,771			584,771
Cash and Cash Equivalents - Emergency Reserve	119,361			119,361
Cash and Cash Equivalents - Maintenance Reserve	214,977			214,977
Interfund Receivable	93,248			93,248
State Aid Receivable	162,063			162,063
Federal Aid Receivable		78,743		78,743
Total Assets	\$ 2,227,157	\$ 108,952	\$	\$ 2,336,109
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 87,481	\$ 1,000	\$	\$ 88,481
Interfund Payable		83,590		83,590
Unearned Revenue		120		120
Total Liabilities	87,481	84,710		172,191
Fund Balances:				
Restricted for:				
Capital Reserve	584,771			584,771
Maintenance Reserve	215,869			215,869
Unemployment Compensation	14,207			14,207
Student Activities		30,209		30,209
Emergency Reserve	94,361			94,361
Emergency Reserve - Designated for Subsequent Year's Expenditures	25,000			25,000
Excess Surplus - Designated for Subsequent Year's Expenditures	509,729			509,729
Excess Surplus	645,294			645,294
Assigned to Encumbrances	67,313			67,313
Assigned - Designated for Subsequent Year's Expenditures	100,351			100,351
Unassigned (Deficit)	(117,219)	(5,967)		(123,186)
Total Fund Balances (Deficit)	2,139,676	24,242		2,163,918
Total Liabilities and Fund Balances	\$ 2,227,157	\$ 108,952	\$	

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 \$12,889,880 and the accumulated depreciation is \$6,049,813 (see Note 8).	6,840,067
Deferred Outflow of Resources - Deferred Pension Contribution	350,228
Deferred Inflows of Resources - Pension Actuarial Gains	(589,688)
Long Term Net Pension Liability	(1,150,394)
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)	(737,000)
Accrued Interest	(4,958)
Net Position of governmental activities	\$ 6,872,173

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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 1,781,016	\$	\$ 216,200	\$ 1,997,216
Interest Earned	10,469			10,469
Miscellaneous	43,036			43,036
Local Sources		21,845		21,845
Total - Local Sources	1,834,521	21,845	216,200	2,072,566
State Sources	7,449,696	59,575		7,509,271
Federal Sources	4,083	356,251		360,334
Total Revenues	9,288,300	437,671	216,200	9,942,171
EXPENDITURES				
Current:				
Regular Instruction	1,731,973	322,324		2,054,297
Special Education Instruction	515,237			515,237
Other Instruction	198,931			198,931
Support Services:				
Tuition	1,694,412			1,694,412
Student & Instruction Related Services	810,137	139,324		949,461
General Administrative Services	137,257			137,257
School Administrative Services	149,495			149,495
Central Services	172,386			172,386
Plant Operations and Maintenance	464,908			464,908
Pupil Transportation	539,811			539,811
Employee Benefits	2,520,410			2,520,410
Capital Outlay	44,325			44,325
Debt Service				
Principal			185,000	185,000
Interest			31,200	31,200
Total Expenditures	8,979,282	461,648	216,200	9,657,130
Excess (Deficiency) of Revenues over Expenditures	309,018	(23,977)		285,041
OTHER FINANCING SOURCES (USES)				
Transfer to Preschool Program	(26,013)	26,013		
Total Other Financing Sources and Uses	(26,013)	26,013		
Net Change in Fund Balances	283,005	2,036		285,041
Fund Balance—July 1	1,846,057	(5,867)		1,840,190
Prior Period Adjustment	10,614	28,073		38,687
Fund Balance, July 1 (Restated)	1,856,671	22,206		1,878,877
Fund Balance—June 30	\$ 2,139,676	\$ 24,242	\$ -	\$ 2,163,918

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, 2021

Total net change in fund balances - governmental funds (from B-2) \$ 285,041

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	\$ (358,540)	
Fixed Asset Adjustment	32,985	
Capital Outlays		
		<hr/>
		(325,555)

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. 20,025

Accrued Interest 1,542

Increase in Compensated Absences (9,686)

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	185,000
Amortization of Bond Principal	7,116

Change in net position of governmental activities (A-2) \$ 163,483

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, 2021

	Business-type Activities - Enterprise Funds		
	Community Program	Food Service	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 15,482	\$ 74,594	\$ 90,076
Federal and State Aid Receivable		24,119	24,119
Accounts Receivable	1,632	200	1,832
Inventory		5,290	5,290
Total Current Assets	17,114	104,203	121,317
Fixed Assets:			
Equipment		72,140	72,140
Accumulated Depreciation		(64,072)	(64,072)
Total Fixed Assets		8,068	8,068
Total Assets	17,114	112,271	129,385
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Accounts Payable		6,775	6,775
Interfunds Payable		9,658	9,658
Unearned Revenue	3,217	4,770	7,987
Compensated Absences		6,667	6,667
Total Current Liabilities	3,217	27,870	31,087
NET POSITION			
Investment in Fixed Assets		8,068	8,068
Unrestricted	13,897	76,333	90,230
Total Net Position	13,897	84,401	98,298
Total Liabilities and Fund Equity	\$ 17,114	\$ 112,271	\$ 129,385

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, 2021

	Business-type Activities - Enterprise Fund		
	Community Program	Food Service	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$	\$	\$
Non-reimbursable Sales		6,692	6,692
Program Fees	16,702		16,702
Transportation			
Total Operating Revenue:	16,702	6,692	23,394
Operating Expenses:			
Cost of Sales - Reimbursable		85,924	85,924
Cost of Sales - Non Reimbursable		1,460	1,460
Salaries	24,661	68,997	93,658
Employee Benefits		24,765	24,765
General Supplies	92	3,467	3,559
Depreciation		1,791	1,791
Other	218	9,051	9,269
Total Operating Expenses	24,971	195,455	220,426
Operating (Loss) Income	(8,269)	(188,763)	(197,032)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program		9,259	9,259
Federal Sources:			
National School Lunch Program		161,619	161,619
National School Breakfast Program		78,743	78,743
Food Distribution Program		13,518	13,518
Interest	83	111	194
Total Non-operating Revenues (Expenses)	83	263,250	263,333
(Loss) Income Before Transfers	(8,186)	74,487	66,301
Transfers In (Out)			
Fixed Asset Adjustment		(52,197)	(52,197)
Change in Net Position	(8,186)	22,290	14,104
Total Net Position—Beginning	22,083	62,111	84,194
Total Net Position—Ending	\$ 13,897	\$ 84,401	\$ 98,298

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, 2021

	Business-type Activities - Enterprise Funds		
	Community Program	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 16,702	\$ 6,692	\$ 23,394
Payments to Employees	(24,661)	(92,887)	(117,548)
Payments to Suppliers	(3,927)	(113,439)	(117,366)
Net Cash Provided by (Used for) Operating Activities	(11,886)	(199,634)	(211,520)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources		9,259	9,259
Federal Sources		253,880	253,880
Operating Subsidies and Transfers to Other Funds			
Net Cash Provided by (Used for) Non-capital Financing Activities		263,139	263,139
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	83	111	194
Net Cash Provided by (Used for) Investing Activities	83	111	111
Net Increase/(Decrease) in Cash and Cash Equivalents	(11,803)	63,616	51,813
Balances—Beginning of Year	27,285	10,978	38,263
Balances—End of Year	\$ 15,482	\$ 74,594	\$ 90,076
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (8,269)	\$ (188,763)	\$ (197,032)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization		1,791	1,791
Decrease/(Increase) in Accounts Receivable	603	(20,628)	(20,025)
Decrease/(Increase) in Inventory		908	908
(Decrease)/Increase in Accounts Payable		6,192	6,192
(Decrease)/Increase in Interfund Payable	(4,589)	907	(3,682)
(Decrease)/Increase in Deferred Revenue	369	(916)	(547)
(Decrease)/Increase in Compensated Absences		875	875
Total Adjustments	(3,617)	(10,871)	(14,488)
Net Cash Provided by (Used for) Operating Activities	\$ (11,886)	\$ (199,634)	\$ (211,520)

Noncash Noncapital Financing Activities:

During the year, the District received \$13,476 of food commodities from the U. S. Department of Agriculture

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, 2021

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, 2021 of 393 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. 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, 2019. The adoption of GASB 84 will impact the financial statements of the School District.
- 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, 2019. The adoption of GASB 90 did not impact the financial statements of the School District.

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

- 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 June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

New Accounting Standards: (Continued)

- 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, 2020. Management is evaluating the potential impact of the adoption of GASB 89 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, 2021. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.
- GASB Statement - No. 92 - *Omnibus 2020*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 92 on the School District's financial statements.
- GASB Statement - No. 93 - *Replacement of Interbank Offered Rates*: The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 93 on the School District's financial statements.
- GASB Statement - No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 94 on the School District's financial statements.
- GASB Statement - No. 96 - *Subscription-Based Information Technology Arrangements*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 96 on the School District's financial statements.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

New Accounting Standards: (Continued)

- GASB Statement - No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 97 on the School District's financial statements.

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

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

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

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

A. Basis of Presentation: (Continued)

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

B. Fund Accounting:

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

GOVERNMENTAL FUNDS

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

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

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

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

B. Fund Accounting: (Continued):

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has one open capital project for various renovations to the Folsom Elementary School.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

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

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

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

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

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

B. Fund Accounting (Continued):

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.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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 2018-2019, 2019-2020, and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses:

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

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

J. Assets, Liabilities and Equity:

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

J. Assets, Liabilities and Equity: (Continued)

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, 2021 consisted of \$3,847 in purchased food and \$1,443 in supplies for a total of \$5,290. Of the \$5,290 reflected in inventory as of June 30, 2021, Federal Commodity Food represents \$1,713. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

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, 2021 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

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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.

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, 2021.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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 three month maturity 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:

- 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, 2021, the District had no funds on deposit with the New Jersey Cash Management.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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, 2021, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	\$ 2,092,131.00
Total	\$ 2,092,131.00

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 et 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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

As of June 30, 2021, the District's bank balance of \$2,354,157 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>2,104,157</u>
Total	\$ <u>2,354,157</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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance July 1, 2020	\$ 582,375
Interest Earnings	<u>2,396</u>
Ending Balance June 30, 2021	\$ <u>584,771</u>

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

Funds placed in the maintenance reserve account are restricted to maintenance expenditures in the District's annual general fund budget certified for taxes. During the 2020-2021 school year, interest earnings was added to the maintenance reserve account and funds were withdrawn to fund operations, resulting in a balance at June 30, 2021 of \$215,869, which is within the maximum allowed for the district of \$1,000,000. There was no withdrawal in the 2021-2022 operating budget.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5. MAINTENANCE RESERVE ACCOUNT NOTE (CONT'D)

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance July 1, 2020	\$	249,919
Increased by:		
Interest Earnings		950
		<u>250,869</u>
Decreased by:		
Withdrawn by Resolution		35,000
Ending Balance June 30, 2021	\$	<u>215,869</u>

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 2020-2021 school year, funds were withdrawn to fund operations and Interest income was added, resulting in a balance at June 30, 2021 of \$119,361, which is within the \$250,000 maximum allowed for a district. In addition, \$25,000 was assigned and anticipated as revenue in the 2021-2022 budget.

Beginning Balance July 1, 2020	\$	118,914
Increased by:		
Interest Earnings		447
		<u>119,361</u>
Decreased by:		
Withdrawn by Resolution		
Ending Balance June 30, 2021	\$	<u>119,361</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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>
2022	11,700
2023	11,700
2024	975
Total	\$ <u>24,375</u>

The total operating lease payments made during the year ended June 30, 2021 were \$11,700.

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance 7/1/2020</u>	<u>Additions</u>	<u>Adjustments/ Retired</u>	<u>Ending Balance 6/30/2021</u>
Governmental Activities:				
Capital Assets That are Not Being Depreciated:				
Land	\$ -			\$ -
Total Capital Assets Not Being Depreciated				
Building and Building Improvements	12,023,570			12,023,570
Machinery and Equipment	843,656		22,654	866,310
Totals at Historical Cost	12,867,226		22,654	12,889,880
Less Accumulated Depreciation	(5,701,604)	(358,540)	10,331	(6,049,813)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	7,165,622	(358,540)	32,985	6,840,067
Government Activities Capital Assets, Net	<u>\$ 7,165,622</u>	<u>\$ (358,540)</u>	<u>\$ 32,985</u>	<u>\$ 6,840,067</u>
				To A-1
Business-type Activities - Equipment	\$ 128,300		\$ (56,160)	\$ 72,140
Less Accumulated Depreciation	(66,244)	(1,791)	3,963	(64,072)
Business-type Activities Capital Assets, Net	<u>\$ 62,056</u>	<u>\$ (1,791)</u>	<u>\$ (52,197)</u>	<u>\$ 8,068</u>
Depreciation expense was charged to governmental functions as follows:				
		Unallocated		<u>\$ 358,540</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2021, the following changes occurred in long-term obligations:

	Beginning Balance 7/1/20	Additions	Reductions	Ending Balance 6/30/21	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable	\$ 780,000	\$ -	\$ 185,000	\$ 595,000	\$ 190,000	\$ 405,000
Total Loans Payable	780,000		185,000	595,000	190,000	405,000
Other Liabilities:						
Unamortized Premium	26,976		7,116	19,860	7,116	12,744
Compensated Absences Payable	112,454	9,686		122,140		122,140
Net Pension Liability	1,374,284		223,890	1,150,394		1,150,394
Total Other Liabilities	\$ 2,293,714	\$ 9,686	\$ 416,006	\$ 1,887,394	\$ 197,116	\$ 1,690,278
To A-1						
Business-Type Activities:						
Compensated Absences Payable	\$ 5,792	\$ 875		\$ 6,667	\$ 1,632	\$ 5,035

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%.

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 190,000	\$ 11,900	\$ 201,900
2023	200,000	8,100	208,100
2024	205,000	4,100	209,100
	\$ 595,000	\$ 24,100	\$ 619,100

B. Bonds Authorized But Not Issued - As of June 30, 2021, 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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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.

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, 2019 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2021 were 40,632. 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 2021 is 15.11% 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, 2021, and 2020, were \$77,172 and \$74,760 respectively. The total payroll for the year ended June 30, 2021 was \$3,855,861. Payroll covered by PERS was \$541,766 for fiscal year 2021.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2021, the District's proportionate share of the PERS net pension liability was \$1,150,394. The net pension liability was measured as of June 30, 2020. 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, 2020. The District's proportion measured as of June 30, 2020 was 0.007054% which was a decrease of 0.00057% from its proportion measured as of June 30, 2019.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2021 PERS pension expense, with respect to GASB 68, was \$59,561. The District's 2021 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,947	\$ 4,068
Changes of assumptions	37,320	481,681
Net difference between projected and actual earnings on pension plan investments	39,321	
Changes in proportion	175,468	103,939
Contributions subsequent to the measurement date	77,172	
Total	\$ 350,228	\$ 589,688

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

Year	PERS
2021	\$ (125,603)
2022	(91,014)
2023	(41,210)
2024	(49,272)
2025	(9,533)
Thereafter	
Total	\$ (316,632)

Additional Information - Collective Balances at June 30, 2021 and 2020 are as follows:

Year	2021	2020
Collective deferred outflows of resources	\$ 350,228	\$ 487,946
Collective deferred inflows of resources	\$ 589,688	\$ 523,541
Collective Net Pension Liability	\$ 1,150,394	\$ 1,374,284
District's Proportion	0.007054%	0.007627%

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	PERS	
	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10. PENSION PLANS (CONTINUED)

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, 2020, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 1,459,542	\$ 1,150,394	\$ 904,796

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. 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10. PENSION PLANS (CONTINUED)

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, 2019. 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 2019, 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, 2021 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$800,899 to the TPAF for pension contributions, \$250,989 for post-retirement benefits on behalf of the School, and \$855 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$215,850 during the year ended June 30, 2021 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, 2021, 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, 2021, the District recognized pension expense of \$1,165,043 and revenue of \$1,165,043 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10. PENSION PLANS (CONTINUED)

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, 2020 are summarized in the following table:

TPAF		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 based on 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 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, 2021

NOTE 10. PENSION PLANS (CONTINUED)

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, 2020, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (4.40%)	Current Discount (5.40%)	1% Increase (6.40%)
State's Share of the Net Pension Liability associated with the District	\$ 22,055,209	\$ 18,735,338	\$ 16,054,099
State's Share of the Net Pension Liability	\$ <u>77,517,093,055</u>	\$ <u>65,993,498,688</u>	\$ <u>56,425,087,777</u>

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility
1. State or Local Officials who are elected or appointed on or after July 1, 2007
2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

Contributions – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District's employer match is an additional 3% contribution. For the year ended June 30, 2021, employee contributions totaled \$3,652 and the District's employer contribution, recognized in pension expense, was \$2,689. There were no forfeitures during the fiscal year.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

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

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

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

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2020, was \$67,809,962,608. Of this amount, the total OPEB liability attributable to the School District was \$19,909,550. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02936%. The total OPEB liability for the School District measured as of June 30, 2020 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, 2020 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, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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:	Service Years	Service Years	Service Years
Through 2026	1.55% - 4.45%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	1.55% - 4.45%	3.00% - 7.00%	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Discount rate

The discount rate for June 30, 2020 was 2.21%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

State of New Jersey	<u>Total OPEB Liability</u>
Balance as of June 30, 2019 Measurement Date	\$ <u>41,729,081,045</u>
Changes for the year:	
Service Cost	1,790,973,822
Interest	1,503,341,357
Changes of Benefit Terms	
Differences between Expected and Actual	11,544,750,637
Changes of Assumptions	12,386,549,981
Benefit Payments	35,781,384
Contributions from Members	<u>(1,180,515,618)</u>
Net Changes	<u>26,080,881,563</u>
Balance as of June 30, 2020 Measurement Date	\$ <u>67,809,962,608</u>

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

The following presents the total nonemployer OPEB liability as of June 30, 2020, 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:

<u>June 30, 2020</u>		
At 1.00% Decrease 2.50%	At Discount Rate 3.50%	At 1.00% Increase 4.50%
\$ 81,748,410,002	67,809,962,608	56,911,439,160

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, 2020, 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:

<u>June 30, 2020</u>		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 54,738,488,540	67,809,962,608	83,375,182,975

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021, the School District recognized OPEB expense of \$1,048,399. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,022,788	\$ 2,692,592
Changes of Assumptions	3,386,549	2,271,792
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	609,939	623,985
Contributions Subsequent to the Measurement Date		
Total	<u>\$ 7,019,276</u>	<u>\$ 5,588,369</u>

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

<u>Measurement Period Ending June 30,</u>	<u>OPEB</u>
2021	\$ 10,660
2022	10,660
2023	10,660
2024	10,660
2025	10,660
Thereafter	<u>1,377,607</u>
Total	<u>\$ 1,430,907</u>

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12. COMPENSATED ABSENCES NOTE (CONT'D)

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, 2021, a liability existed for compensated absences in the General Fund of \$122,140 and \$6,667 in the Food Service Fund.

NOTE 13. DEFERRED COMPENSATION

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

NOTE 14. RISK MANAGEMENT

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

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

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>
2020-2021	\$	\$ 17,462	\$ 13,869	\$ 14,207
2019-2020		13,161	7,513	10,614
2018-2019		12,194	9,875	4,966

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 93,248	\$
Special Revenue Fund		83,590
Food Service Fund		9,658
Total	\$ <u>93,248</u>	\$ <u>93,248</u>

NOTE 16. FUND BALANCE APPROPRIATED

General Fund- Of the \$2,139,676 General Fund balance at June 30, 2021, 1,155,023 was restricted as excess surplus at June 30, 2021 in accordance with N.J.S.A. 18A:7F-7; (\$509,729 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2022); \$67,313 is Assigned for Encumbrances payable, \$584,771 is restricted for Capital Reserve Fund, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$119,361 is restricted for Emergency Reserve Fund, of which \$25,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$14,207 is reserved for Unemployment Compensation; \$215,869 is restricted for Maintenance Reserve, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$100,351 has been appropriated and included as anticipated revenue for the year ending June 30, 2022 and (\$117,219) is unreserved and undesignated.

Debt Service Fund - The Debt Service fund had no fund balance at June 30, 2021.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (\$1701), 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 at June 30, 2021 is \$1,155,023, of which \$509,729 must be appropriated in the 2021-2022 budget and \$645,294 must be budgeted in the 2022-2023 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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 19. DEFICIT FUND BALANCES

There is a deficit in fund balance in the General *Fund*, as of June 30, 2021 of \$117,219 and a deficit of \$5,967 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 \$117,219 is less than the 19th and 20th payments received in July 2020 and the \$5,967 deficit in the Special Revenue Fund is equal to the 19th and 20th payments.

NOTE 20. TAX ABATEMENT

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

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 21. ACCOUNTS RECEIVABLE

Receivables at June 30, 2021 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	\$ 162,063	\$	\$ 1,936	\$ 163,999
Federal		78,743	22,183	100,926
Other			1,832	1,832
Totals	<u>\$ 162,063</u>	<u>\$ 78,743</u>	<u>\$ 25,951</u>	<u>\$ 266,757</u>

NOTE 22. PRIOR YEAR ADJUSTMENT

GASB 84, Fiduciary Activities, was implemented during the fiscal year June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund, which had previously been reported in the Fiduciary Funds, is now reported in the General Fund. The Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to the implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 Restated
Statement of Net Activities - Governmental Activities			
Net Position	\$ 6,670,003	\$ 38,687	\$ 6,708,690
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:			
General Fund	1,846,057	10,614	1,856,671
Special Revenue	(5,867)	28,073	22,206
Statement of Changes in Fiduciary Net Position - Fiduciary Funds:			
Unemployment Compensation Trust	10,614	(10,614)	
Student Activities	28,073	(28,073)	

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 23. SUBSEQUENT EVENTS

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

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,781,016	\$	\$ 1,781,016	\$ 1,781,016	\$
Interest on Investments				6,622	6,622
Interest on Investments-Capital Reserve	5,800		5,800	2,396	(3,404)
Interest on Investments-Emergency Res	1,000		1,000	447	(553)
Interest on Investments-Maintenance Reserve	2,400		2,400	950	(1,450)
Other Restricted Miscellaneous Revenue				54	54
Miscellaneous				43,036	43,036
Total - Local Sources	1,790,216		1,790,216	1,834,521	44,305
State Sources:					
Equalization Aid	4,269,569	(25,573)	4,243,996	4,269,569	25,573
Special Education Categorical Aid	365,223	(2,182)	363,041	363,041	
Security Aid	79,030		79,030	79,030	
Categorical Transportation Aid	181,520		181,520	181,520	
School Choice Aid	1,118,416		1,118,416	1,118,416	
Non-public Transportation Aid				1,450	1,450
Extraordinary Aid				159,484	159,484
On-behalf TPAF Post - Retire Medical (non-budgeted)				250,989	250,989
On-behalf TPAF Pension Contributions (non-budgeted)				800,899	800,899
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				855	855
Reimbursement TPAF Social Security Contributions (non-budgeted)				215,850	215,850
Total - State Sources	6,013,758	(27,755)	5,986,003	7,441,103	1,455,100
Federal Sources:					
Other Restricted Grants in Aid from Federal through State				4,083	4,083
Total - Federal Sources				4,083	4,083
TOTAL REVENUES	\$ 7,803,974	\$ (27,755)	\$ 7,776,219	\$ 9,279,707	\$ 1,503,488
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Kindergarten	\$ 259,503	\$ 5,150	\$ 264,653	\$ 264,646	\$ 7
Grades 1-5	826,167	(10,945)	815,222	774,250	40,972
Grades 6-8	613,160	(4,085)	609,075	601,985	7,090
Home Instruction:					
Salaries of Teachers	2,000		2,000		2,000
Undistributed Instruction - Regular					
Other Salaries for Instruction	1,500		1,500	802	698
Purchased Technical Services	14,500	3,000	17,500	14,087	3,413
Other Purchased Services	78,400	5,000	83,400	71,567	11,833
General Supplies	89,000	(36,988)	52,012	4,636	47,376
Textbooks	10,000	(10,000)			
Total Regular Programs	1,894,230	(48,868)	1,845,362	1,731,973	113,389

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Special Education:					
Resource Room:					
Salaries of Teachers	\$ 618,265	\$ (26,500)	\$ 591,765	\$ 515,237	\$ 76,528
Total Resource Room	618,265	(26,500)	591,765	515,237	76,528
TOTAL SPECIAL EDUCATION	618,265	(26,500)	591,765	515,237	76,528
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	157,301	23,000	180,301	178,999	1,302
Total Basic Skills/Remedial - Instruction	157,301	23,000	180,301	178,999	1,302
School - Sponsored Co curricular Activities - Instruction:					
Salaries	18,418		18,418	16,626	1,792
Other Objects	13,000	(3,000)	10,000		10,000
Total School - Sponsored Co curricular Activities - Instruction	31,418	(3,000)	28,418	16,626	11,792
School - Sponsored Athletics - Instruction:					
Salaries	18,199		18,199	3,306	14,893
Purchased Services	3,000		3,000		3,000
Other Objects	3,000		3,000		3,000
Total School - Sponsored Athletics - Instruction	24,199		24,199	3,306	20,893
Total Instruction	2,725,413	(55,368)	2,670,045	2,446,141	223,904
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's within State-Regular	711,933		711,933	711,933	
Tuition - Other LEA's within State-Special	71,743	(16,470)	55,273	55,273	
Tuition - County Voc School Districts-Regular	234,199		234,199	229,988	4,211
Tuition - County Voc School Districts-Special	15,000	(15,000)			
Tuition - CSSD & Regional Day Schools	138,780	34,279	173,059	170,449	2,610
Tuition - Private Schools for Disabled within State	488,387	(12,809)	475,578	475,114	464
Tuition - Other		56,000	56,000	51,655	4,345
Total Undistributed Expenditures - Instruction	1,660,042	46,000	1,706,042	1,694,412	11,630
Attendance and Social Work Services					
Salaries					
Purchased Professional and Technical Services					
Total Attendance and Social Work Services					
Health Services:					
Salaries	65,568	(1,061)	64,507	63,168	1,339
Purchased Professional and Technical Services	4,000		4,000	4,000	
Other Purchased Services	2,000	(615)	1,385	1,378	7
Supplies and Materials	4,000	630	4,630	4,621	9
Total Health Services	75,568	(1,046)	74,522	73,167	1,355

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 59,131	\$ 737	\$ 59,868	\$ 59,868	\$
Purchased Professional- Educational Services	50,000	(737)	49,263	47,696	1,567
Supplies and Materials	1,000		1,000		1,000
Total Undist. Expend. - Speech, OT, PT & Related Services	110,131		110,131	107,564	2,567
Other Support Services STD - Extra Services					
Salaries	98,673	5,000	103,673	56,801	46,872
Total Undist. Expend. - Other Supp. Serv. STD - Extra. Services	98,673	5,000	103,673	56,801	46,872
Guidance:					
Salaries of Other Professional Staff	60,380		60,380	60,380	
Total Guidance	60,380		60,380	60,380	
Child Study Team:					
Salaries of Other Professional Staff	185,219		185,219	185,052	167
Salaries of Secretarial and Clerical Assistants	35,373	1,061	36,434	36,434	
Purchased Professional-Educational Services					
Other Purchased Professional & Technical Services	20,000	16,913	36,913	33,452	3,461
Misc Purchased Services	800	(715)	85		85
Supplies and Materials	4,000	(1,835)	2,165	2,163	2
Total Child Study Team	245,392	15,424	260,816	257,101	3,715
Improvement of Instruction Services/Other Support:					
Salaries of Superv of Instr.	98,384		98,384	98,384	
Other Purchased Services	1,000		1,000		1,000
Total Improvement of Instruction Services/Other Support	99,384		99,384	98,384	1,000
Educational Media Services - School Library					
Salaries	76,888		76,888	76,888	
Salaries of Technology Coordinators	78,940		78,940	78,940	
Supplies and Materials	1,000	15	1,015	879	136
Total Educational Media Services - School Library:	156,828	15	156,843	156,707	136
Instructional Staff Training Services:					
Other Purchased Services	6,000	(4,000)	2,000	33	1,967
Total Instructional Staff Training Services	6,000	(4,000)	2,000	33	1,967

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 73,829	\$	\$ 73,829	\$ 72,468	\$ 1,361
Legal Services	25,000		25,000	23,284	1,716
Audit Fees	12,000		12,000	10,494	1,506
Architectural/Engineering Services	5,000		5,000		5,000
Other Purchased Professional Services	4,000		4,000	3,600	400
Communications - Telephone	12,000		12,000	7,074	4,926
Other Purchased Services	26,000		26,000	15,397	10,603
General Supplies	1,000		1,000		1,000
BOE In-House Training/Meeting Supplies	500		500		500
Miscellaneous Expenditures	5,000	16,000	21,000	1,510	19,490
BOE Membership Dues and Fees	3,500		3,500	3,430	70
Total Support Services General Administration	167,829	16,000	183,829	137,257	46,572
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	65,664		65,664	65,664	
Salaries of Secretarial and Clerical Assistants	66,664	1,361	68,025	68,025	
Purchased Prof & Tech Services	5,000		5,000		5,000
Other Purchased Services	5,000		5,000	4,879	121
Supplies and Materials	10,000	(1,361)	8,639	6,024	2,615
Other Objects	5,000	15,000	20,000	4,903	15,097
Total Support Services School Administration	157,328	15,000	172,328	149,495	22,833
Central Services:					
Salaries	135,618	1,701	137,319	137,319	
Purchased Professional Services	10,000	(401)	9,599	6,625	2,974
Purchased Technical Services	29,000		29,000	26,324	2,676
Misc Purchased Services	3,500		3,500	332	3,168
Supplies and Materials	3,500		3,500	1,786	1,714
Other Objects		18,000	18,000		18,000
Total Central Services	181,618	19,300	200,918	172,386	28,532
Required Maintenance for School Facilities:					
Salaries	72,868	370	73,238	73,238	
Cleaning, Repair and Maintenance Services	85,000	(4,400)	80,600	58,595	22,005
Travel		130	130		130
General Supplies	15,000	(600)	14,400	299	14,101
Other Objects	500	(500)			
Total Required Maintenance for School Facilities	173,368	(5,000)	168,368	132,132	36,236

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 109,064	\$ (4,000)	\$ 105,064	\$ 103,425	\$ 1,639
Salaries of Non-Instructional Aids	24,000		24,000	19,115	4,885
Cleaning, Repair and Maintenance Services	7,000	(1,000)	6,000	5,537	463
Insurance	10,000	(6,000)	4,000	3,963	37
General Supplies	20,000	31,207	51,207	14,857	36,350
Energy (Natural Gas)	15,000		15,000	10,347	4,653
Energy (Electricity)	110,000	(10,000)	100,000	94,100	5,900
Total Other Operation and Maintenance of Plant Services	295,064	10,207	305,271	251,344	53,927
Care and Upkeep of Grounds:					
Cleaning, Repair, & Maintenance	55,000	8,000	63,000	29,592	33,408
Total Care and Upkeep of Grounds	55,000	8,000	63,000	29,592	33,408
Security:					
Purchased Professional & Technical Services	67,500	9,000	76,500	51,840	24,660
Total Security	67,500	9,000	76,500	51,840	24,660
Total Operation and Maintenance of Plant Services	590,932	22,207	613,139	464,908	148,231
Student Transportation Services:					
Salaries for Pupil Trans (Between Home and School) - Reg.	10,206		10,206	8,505	1,701
Other Purchased Professional and Technical Services	5,000		5,000	4,350	650
Contracted Services (Between Home and School) - Vendors	225,000		225,000	218,858	6,142
Contracted Services (Other than Betw. Home and Sch) - Vendors	25,000	(5,000)	20,000	281	19,719
Contracted Services (Home/School) - Joint Agreements	35,000	(15,000)	20,000		20,000
Contracted Services (Sp Ed) - Joint Agreements	350,000	10,690	360,690	304,596	56,094
Contracted Services (Regular Students) - ESCs	15,000		15,000		15,000
Contracted Services - Aid in Lieu of Payments - Non Pub Sch	4,000	1,000	5,000	3,221	1,779
Contracted Services - Aid in Lieu of Payments - Charter School	1,000	(1,000)			
Contracted Services - Aid in Lieu of Payments - Choice School	1,000		1,000		1,000
Total Student Transportation Services	671,206	(9,310)	661,896	539,811	122,085
Allocated Benefits:					
Group Insurance - General Administration	1,500	(1,500)			
Group Insurance - Central Services	1,500	(1,500)			
Total Allocated Benefits/Total Personal					
Services - Employee Benefits	3,000	(3,000)			
Unallocated Benefits:					
Group Insurance		3,000	3,000	2,757	243
Social Security Contributions	90,000		90,000	82,982	7,018
Other Retirement Contributions - PERS	75,000	5,000	80,000	77,172	2,828
Unemployment Compensation	5,000		5,000		5,000
Workmen's Compensation	20,000	(5,000)	15,000	13,654	1,346
Health Benefits	1,095,500	(33,500)	1,062,000	1,048,800	13,200
Tuition Reimbursement	20,000		20,000	1,926	18,074
Other Employee Benefits	40,000	(5,000)	35,000	24,526	10,474
Unused Sick Payments to Terminated/Retired Staff		5,000	5,000		5,000
Total Unallocated Benefits/Total Personal	1,345,500	(30,500)	1,315,000	1,251,817	63,183
Total Personal Services - Employee Benefits	1,348,500	(33,500)	1,315,000	1,251,817	63,183

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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)	\$	\$	\$	\$ 250,989	\$ (250,989)
On-behalf TPAF Pension Contributions (Non-budgeted)				800,899	(800,899)
On-behalf TPAF Long-term Disability Contributions (Non-budgeted)				855	(855)
Reimbursement TPAF Social Security Contrib. (Non-budgeted)				215,850	(215,850)
Total Undistributed Expenditures	5,629,811	91,090	5,720,901	6,488,816	(767,915)
Interest Earned on Maintenance Reserve	2,400		2,400		2,400
Interest Earned on Current Expense Emergency Res	1,000		1,000		1,000
Total Interest Earned	3,400		3,400		3,400
TOTAL EXPENDITURES - CURRENT EXPENSE	8,358,624	35,722	8,394,346	8,934,957	(540,611)
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment:					
Required Maintenance					
Custodial Services					
Total Equipment					
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	5,800		5,800		5,800
TOTAL CAPITAL OUTLAY	50,125		50,125	44,325	5,800
TOTAL EXPENDITURES	8,408,749	35,722	8,444,471	8,979,282	(534,811)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(604,775)	(63,477)	(668,252)	300,425	968,677
Other Financing Sources (Uses):					
Transfer to Charter School					
Transfer to Preschool Program	(25,573)	(440)	(26,013)	(26,013)	
Transfer to cover deficit (Enterprise)		(30,000)	(30,000)		30,000
Total Other Financing Sources (Uses)	(25,573.00)	(30,440)	(56,013)	(26,013.00)	30,000
Excess (Deficiency) of Revenues and Other					
Expenditures and Other Financing Uses	(630,348)	(93,917)	(724,265)	274,412	998,677
Fund Balances, July 1	1,845,358	(115,463)	1,729,895	2,442,271	712,376
Prior Period Adjustment				10,614	10,614
Fund Balances, July 1 (Restated)				2,452,885	722,990
Fund Balances, June 30	\$ 1,215,010	\$ (209,380)	\$ 1,005,630	\$ 2,727,297	\$ 1,721,667

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<u>RECAPITULATION:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 584,771	
Maintenance Reserve				215,869	
Emergency Reserve				94,361	
Emergency Reserve Designated for Subsequent Year's Expenditures				25,000	
Excess Surplus					
Current Year				645,294	
Designated for Subsequent Year's Expenditures				509,729	
Unemployment Compensation				14,207	
Assigned to:					
Encumbrances Designated for Subsequent Year's Expenditures				67,313	
Designated for Subsequent Year's Expenditures				100,351	
Unassigned				470,402	
TOTAL				<u>2,727,297</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				<u>(587,621)</u>	
TOTAL				<u>\$ 2,139,676</u>	

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGET COMPARISON SCHEDULE - SPECIAL REVENUE FUND
AS OF JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 359,328	\$ 3,756	\$ 363,084	\$ 356,251	\$ 6,833
State Sources	59,675	26,013	85,688	59,675	
Local Sources			49,918	21,845	28,073
Total Revenues	419,003	29,769	498,690	437,771	60,919
EXPENDITURES:					
Instruction					
Salaries of Teachers	65,865	(77)	65,788	65,788	
Salaries - Other Instruction	24,040	517	24,557	24,557	
Other Purchased Services	16,000	4,709	20,709	20,709	
Tuition	98,236		98,236	98,236	
Supplies and Materials	45,629	67,410	113,039	113,034	5
Total Instruction	249,770	72,559	322,329	322,324	5
Support Services					
Salaries	23,000	(7,085)	15,915	15,785	130
Purchased Professional Educational Services	37,095	(4,137)	32,958	31,700	1,258
Other Purchased Services	10,669		10,669	10,669	
Supplies & Materials	38,794	28,107	66,901	61,461	5,440
Student Activities			49,918	19,709	30,209
Total Support Services	109,558	16,885	176,361	139,324	37,037
Facilities and Acquisition Costs					
Non-instructional Equipment					
Total Facilities and Acquisition Costs					
Total Expenditures	359,328	89,444	498,690	461,648	37,042
Other Financing Sources (Uses)					
Transfer from General Fund				26,013	26,013
Total Other Financing Sources				26,013	26,013
Excess (Deficiency) of Revenues Over (Under)				2,136	2,136
Fund Balance, July 1					
Prior Period Adjustment				28,073	
Fund Balance, July 1 (Restated)				28,073	
Fund Balance, June 30				\$ 30,209	
Recapitulation:					
Restricted:					
Student Activities				\$ 30,209	
Total Fund Balance				\$ 30,209	

**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, 2021

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule	[C-1] \$ 9,279,707	[C-2] \$ 437,771
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(120)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	596,214	5,867
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(587,621)	(5,967)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 9,288,300	[B-2] \$ 437,551
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 8,979,282	[C-2] \$ 461,648
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.		(120)
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] \$ 8,979,282	[B-2] \$ 461,528

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*

	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.007054%	0.007627%	0.006993%	0.006377%	0.006100%	0.005816%	0.006590%	0.006404%
District's Proportionate Share of the Net Pension Liability \$	1,150,394	1,374,283	\$ 1,376,812	\$ 1,484,486	\$ 1,806,727	\$ 1,305,654	\$ 1,233,919	\$ 1,223,911
District's Covered-Employee Payroll	\$ 541,766	540,852	\$ 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	212.34%	254.10%	270.27%	277.81%	196.31%	159.97%	181.47%	145.03%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	58.32%	56.27%	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*

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 77,172	74,760	\$ 70,156	\$ 60,785	\$ 51,618	\$ 50,005	\$ 54,334	\$ 48,252
Contributions in relation to the Contractually Required Contribution	(77,172)	(74,760)	(70,156)	(60,785)	(51,618)	(50,005)	(54,334)	(48,252)
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$
District's Covered-Employee Payroll	\$ 541,766	540,852	\$ 509,425	\$ 534,355	\$ 920,342	\$ 816,195	\$ 679,954	\$ 843,874
Contributions as a Percentage of Covered-Employee Payroll	14.24%	13.82%	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*

	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.028452%	0.025980%	0.027441%	0.026504%	0.024943%	0.022712%	0.024056%	0.023852%
District's Proportionate Share of the Net Pension Liability \$	18,735,338	\$ 15,944,467	\$ 17,457,239	\$ 17,870,042	\$ 19,621,951	\$ 14,355,143	\$ 12,857,003	\$ 12,054,695
District's Covered-Employee Payroll	\$ 3,000,543	\$ 3,047,367	\$ 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	624.40%	523.22%	607.60%	774.25%	717.57%	555.31%	497.36%	530.70%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	24.60%	26.95%	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.

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

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 598,559	\$ 553,948	\$ 628,702	\$ 762,288
Interest Cost	434,758	549,594	579,291	501,595
Changes of Benefit Terms				
Differences Between Expected and Actual Experiences	3,585,828	(2,759,782)	(1,169,865)	
Changes of Assumptions	3,636,791	178,768	(1,586,411)	(2,195,242)
Member Contributions	10,506	10,910	12,776	13,415
Gross Benefit Payments	(346,609)	(368,049)	(369,659)	(364,328)
Net Change in Total OPEB Liability	7,919,833	(1,834,611)	(1,905,166)	(1,282,272)
Total OPEB Liability - Beginning	11,989,716	13,824,327	15,729,493	17,011,765
Total OPEB Liability - Ending	\$ 19,909,549	\$ 11,989,716	\$ 13,824,327	\$ 15,729,493
Covered-Employee Payroll	\$ 3,542,309	\$ 3,588,219	\$ 3,382,570	\$ 2,842,403
Total OPEB Liability as a Percentage of Covered-Employee Payroll	562.05%	334.14%	408.69%	553.39%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: The decrease in the Total OPEB Liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premium experiences. The increase in liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The increase in the liability from June 30, 2018 to June 30, 2019 is due to the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions. The increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, repeal of the excise tax, and updated mortality improvement 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.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Federal	State	Local Student Activity	Total
REVENUES:				
State Sources	\$	\$ 59,675		\$ 59,675
Federal Sources	356,251			356,251
Local Sources			\$ 21,845	21,845
Total Revenues	356,251	59,675	21,845	437,771
EXPENDITURES:				
Instruction:				
Salaries of Teachers	2,483	63,305		65,788
Salaries - Other Instruction	2,174	22,383		24,557
Other Purchased Services	20,709			20,709
Tuition	98,236			98,236
Supplies and Materials	113,034			113,034
Total Instruction	236,636	85,688		322,324
Support Services:				
Salaries	15,785			15,785
Purchased Professional Educational Services	31,700			31,700
Other Purchased Services	10,669			10,669
Supplies & Materials	61,461			61,461
Student Activities			19,709	19,709
Total Support Services	119,615		19,709	139,324
Facilities Acquisition/ConstructionInstruction:				
Non-instructional Equipment				
Total Expenditures	356,251	85,688	19,709	461,648
Excess (Deficiency) of Revenue Over (Under) Expenditures			2,136	2,136
Fund Balance, July 1				
Prior Period Adjustment			28,073	28,073
Fund Balance, July 1 (Restated)			28,073	28,073
Fund Balance , June 30	\$	\$	\$ 30,209	\$ 30,209

BOROUGH OF FOLSOM SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - Federal
BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

[illegible]

BOROUGH OF FOLSOM SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 63,305	\$ 63,305	\$
Other Salaries for Instruction	22,383	22,383	
Total Instruction	<u>85,688</u>	<u>85,688</u>	
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	<u>\$ 85,688</u>	<u>\$ 85,688</u>	<u>\$</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2020-2021 Preschool Education Aid Allocation	\$ 59,675	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2020)		(2)
Add: Budgeted Transfer from the General Fund 2020-2021	26,013	(3)
Total Preschool Education Aid Funds Available for 2020-2021 Budget	85,688	(4)
Less: 2020-2021 Budgeted Preschool Education Aid (including prior year budget carryover)	(85,688)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2021		(6)
Add: June 30, 2021 Unexpended Preschool Education Aid		(7)
Less: 2020-2021 Commissioner-approved Transfer to the General Fund		(8)
2020-2021 Carryover - Preschool Education Aid/Preschool Programs	<u>\$</u>	(9)
2020-2021 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2021-2022	<u>\$</u>	(10)

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, 2021 AND 2020

	Community	Food Service	Totals	
	Program	Fund	2021	2020
ASSETS:				
Current Assets:				
Cash	\$ 15,482	\$ 74,594	\$ 90,076	\$ 38,263
Accounts Receivable:				
State		1,936	1,936	363
Federal		22,183	22,183	2,500
Other	1,632	200	1,832	3,063
Inventory		5,290	5,290	6,198
Total Current Assets	17,114	104,203	121,317	50,387
Fixed Assets:				
Equipment		72,140	72,140	128,300
Accumulated Depreciation		(64,072)	(64,072)	(66,244)
Total Fixed Assets		8,068	8,068	62,056
Total Assets	\$ 17,114	\$ 112,271	\$ 129,385	\$ 112,443

LIABILITIES AND FUND EQUITY:

LIABILITIES:

Current Liabilities:				
Accounts Payable	\$	\$ 6,775	\$ 6,775	\$ 583
Interfunds Payable		9,658	9,658	13,340
Unearned Revenue	3,217	4,770	7,987	8,534
Compensated Absences		6,667	6,667	5,792
Total Current Liabilities	3,217	27,870	31,087	28,249
Total Liabilities	3,217	27,870	31,087	28,249
Net Position:				
Investment in Fixed Assets		8,068	8,068	62,056
Net Position	13,897	76,333	90,230	22,138
Total Net Position	13,897	84,401	98,298	84,194
Total Liabilities and Fund Equity	\$ 17,114	\$ 112,271	\$ 129,385	\$ 112,443

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, 2021 AND 2020

	Community Program	Food Service Enterprise Fund	Totals	
			2021	2020
OPERATING REVENUES:				
Local Sources:				
Daily Sales				
Reimbursable Programs	\$	\$	\$ -	\$ 36,117
Non-Reimbursable Sales		6,692	6,692	21,783
Program Fees	16,702		16,702	58,208
Total Operating Revenue	16,702	6,692	23,394	116,108
OPERATING EXPENSES:				
Cost of Sales - Reimbursable		85,924	85,924	40,168
Cost of Sales - Non Reimbursable		1,460	1,460	6,810
Salaries	24,661	68,997	93,658	87,571
Employee Benefits		24,765	24,765	26,823
Other Purchased Service				43,457
General Supplies	92	3,467	3,559	6,996
Depreciation		1,791	1,791	13,169
Other	218	9,051	9,269	15,929
Total Operating Expenses	24,971	195,455	220,426	240,923
Operating (Loss) Income	(8,269)	(188,763)	(197,032)	(124,815)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program		9,259	9,259	1,340
Federal Sources:				
National School Lunch Program		161,619	161,619	36,117
National School Breakfast Program		78,743	78,743	12,540
Food Distribution Program		13,518	13,518	11,096
Interest	83	111	194	477
Total Non-Operating Revenues	83	263,250	263,333	61,570
Net (Loss) Income before Operating Transfers	(8,186)	74,487	66,301	(63,245)
Operating Transfer In - General Fund				30,000
Fixed Asset Adjustment		(52,197)	(52,197)	
Net (Loss) Income	(8,186)	22,290	14,104	(33,245)
Net Position - July 1	22,083	62,111	84,194	117,439
Net Position - June 30	\$ 13,897	\$ 84,401	\$ 98,298	\$ 84,194

BOROUGH OF FOLSOM SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2021 AND 2020

	Community Program	Food Service Enterprise Fund	Totals	
			2021	2020
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 16,702	\$ 6,692	\$ 23,394	\$ 116,108
Payments to Employees	(24,661)	(92,887)	(117,548)	(108,602)
Payments to Suppliers	(3,927)	(113,439)	(117,366)	(115,986)
Net Cash Used by Operating Activities	(11,886)	(199,634)	(211,520)	(108,480)
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund		0	0	30,000
Cash Received from State and Federal Reimbursements		263,139	263,139	61,093
Net Cash Provided by Noncapital Financing Activities		263,139	263,139	91,093
Net Increase/(Decrease) in Cash	(11,886)	63,505	51,619	(16,910)
Interest on Investments	83	111	194	477
Net Cash Provided by Investing Activities	83	111	194	477
Net Increase/(Decrease) in Cash	(11,803)	63,616	51,813	(16,910)
Cash and Cash Equivalents, July 1	27,285	10,978	38,263	55,173
Cash and Cash Equivalents, June 30	\$ 15,482	\$ 74,594	\$ 90,076	\$ 38,263
Operating Income (Loss)	\$ (8,269)	\$ (188,763)	\$ (197,032)	\$ (124,815)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation		1,791	1,791	13,169
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	603	(20,628)	(20,025)	1,885
Decrease/(Increase) in Inventory		908	908	(2,239)
Decrease/(Increase) in Other Current Assets				
(Decrease)/Increase in Accounts Payable		6,192	6,192	583
(Decrease)/Increase in Interfund Payable	(4,589)	907	(3,682)	(1,850)
(Decrease)/Increase in Deferred Revenue	369	(916)	(547)	(1,005)
(Decrease)/Increase in Compensated Absences		875	875	5,792
Net Cash Used by Operating Activities	\$ (11,886)	\$ (199,634)	\$ (211,520)	\$ (108,480)

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, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
			Date	Amount					
Refunding Bonds School Additions	4/15/14	\$ 2,016,000	4/15/22	\$ 190,000	4.00%	780,000	\$	\$ 185,000	\$ 595,000
			4/15/23	200,000	4.00%				
			4/15/24	205,000	4.00%				
						\$ 780,000	\$	\$ 185,000	\$ 595,000

FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 216,200	\$	\$ 216,200	\$ 216,200	\$
Total Revenues	<u>216,200</u>		<u>216,200</u>	<u>216,200</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	31,200		31,200	31,200	
Redemption of Principal	185,000		185,000	185,000	
Total Expenditures	<u>216,200</u>		<u>216,200</u>	<u>216,200</u>	
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	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Undesignated Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

BOROUGH OF FOLSOM SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 5,775,867	\$ 6,235,525	\$ 6,100,073	\$ 6,256,419	\$ 6,307,354	\$ 6,461,017	\$ 6,592,561	\$ 6,386,455	\$ 6,385,622	\$ 6,245,067
Restricted	2,504,918	2,760,779	3,312,451	2,908,823	3,151,649	3,275,036	2,727,190	2,128,563	2,022,285	2,219,791
Unrestricted (Deficit)	(370,853)	(428,133)	(392,690)	(1,335,935)	(1,657,047)	(1,796,735)	(1,700,087)	(1,634,966)	(1,737,904)	(1,592,685)
Total Governmental Activities Net Position	\$ 7,909,932	\$ 8,568,171	\$ 9,019,834	\$ 7,829,307	\$ 7,801,956	\$ 7,939,318	\$ 7,619,664	\$ 6,880,052	\$ 6,670,003	\$ 6,872,173
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 111,894	\$ 108,784	\$ 105,675	\$ 102,735	\$ 99,456	\$ 96,346	\$ 85,654	\$ 75,225	\$ 62,056	\$ 8,068
Unrestricted	81,018	78,168	62,243	54,159	54,335	65,747	68,361	42,214	22,138	90,230
Total Business-Type Activities Net Position	\$ 192,912	\$ 186,952	\$ 167,918	\$ 156,894	\$ 153,791	\$ 162,093	\$ 154,015	\$ 117,439	\$ 84,194	\$ 98,298
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 5,887,761	\$ 6,344,309	\$ 6,205,748	\$ 6,359,154	\$ 6,406,810	\$ 6,557,363	\$ 6,678,215	\$ 6,461,680	\$ 6,447,678	\$ 6,253,135
Restricted	2,504,918	2,760,779	3,312,451	2,908,823	3,151,649	3,275,036	2,727,190	2,128,563	2,022,285	2,219,791
Unrestricted (Deficit)	(289,835)	(349,965)	(330,447)	(1,281,776)	(1,602,712)	(1,730,988)	(1,631,726)	(1,592,752)	(1,715,766)	(1,502,455)
Total District-Wide Net Position	\$ 8,102,844	\$ 8,755,123	\$ 9,187,752	\$ 7,986,201	\$ 7,955,747	\$ 8,101,411	\$ 7,773,679	\$ 6,997,491	\$ 6,754,197	\$ 6,970,471

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,689,576	2,887,694	2,697,071	3,192,428	3,430,488	3,977,265	3,333,007	3,577,171	3,382,241	3,719,602
Special Education	414,240	509,740	574,286	699,065	816,046	1,046,806	1,115,804	1,091,265	945,057	1,037,888
School Activities	32,186	28,011	39,223	43,391	41,028	38,324				
Other Special Instruction	39,205	31,716	93,449	153,734	139,245	235,425	366,399	331,142	338,268	400,724
Support Services										
Tuition	1,586,429	1,290,739	1,506,640	1,618,985	1,391,048	1,460,488	1,613,089	1,727,441	1,840,288	1,694,412
Student and Instruction Related Services	811,893	840,211	970,186	1,136,299	1,380,153	1,431,748	1,305,633	1,432,072	1,356,132	1,675,677
General and Business Administrative Services	163,628	171,411	159,162	201,586	189,373	266,115	198,630	196,081	195,005	210,768
School Administrative Services	237,399	231,113	210,277	201,074	323,997	313,169	261,491	263,984	247,584	285,108
Central Services and Information Technology	126,076	134,798	119,700	132,942	156,659	160,400	256,087	276,666	269,124	311,681
Plant Operations and Maintenance	383,704	385,899	412,567	528,337	464,676	448,798	671,718	635,419	708,194	663,503
Pupil Transportation	356,346	417,280	489,381	512,263	551,766	520,097	611,093	760,424	515,939	548,437
Capital Outlay	20,946	28,746	44,325	44,325	44,325	47,841				
Interest on Long-Term Debt	97,457	91,458	100,782	57,934	53,072	47,617	85,149	78,144	72,803	66,867
Unallocated Depreciation and Amortization	241,328	246,671	264,647	271,879	274,209	255,762	271,102	334,603	229,009	358,540
Total Governmental Activities Expenses	7,200,413	7,295,487	7,681,696	8,794,242	9,256,085	10,249,855	10,089,202	10,704,412	10,099,644	10,973,207
Business-Type Activities										
Food Service							194,385	190,077	180,796	195,455
Community Program							73,824	74,935	60,127	24,971
Proprietary Fund	189,879	191,220	217,971	212,944	207,505	241,489				
Total Business-Type Activities Expense	189,879	191,220	217,971	212,944	207,505	241,489	268,209	265,012	240,923	220,426
Total District Expenses	\$ 7,390,292	7,486,707	7,899,667	9,007,186	9,463,590	10,491,344	10,357,411	10,969,424	10,340,567	11,193,633
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 1,018,790	1,166,540	1,067,982	1,716,171	2,126,169	2,682,628	785,103	753,268	757,992	928,487
Charges for Services										21,845
Total Governmental Activities Program Revenues	1,018,790	1,166,540	1,067,982	1,716,171	2,126,169	2,682,628	785,103	753,268	757,992	950,332
Business-Type Activities										
Charges for Services	93,554	84,981	88,944	97,562	115,185	167,301				
Food Service							98,281	91,058	57,900	6,692
Community Program							76,835	60,105	58,208	16,702
Operating Grants and Contributions	97,290	100,250	109,974	104,331	89,009	82,335	84,927	77,105	61,252	263,139
Total Business-Type Activities Program Revenues	190,844	185,231	198,918	201,893	204,194	249,636	260,043	228,268	177,360	286,533
Total District Program Revenues	\$ 1,209,634	1,351,771	1,266,900	1,918,064	2,330,363	2,932,264	1,045,146	981,536	935,352	1,236,865
Net (Expense)/Revenue										
Governmental Activities	\$ (6,181,623)	(6,128,947)	(6,613,714)	(7,078,071)	(7,129,916)	(7,567,227)	(9,304,099)	(9,951,144)	(9,341,652)	(10,022,875)
Business-Type Activities	965	(5,989)	(19,053)	(11,051)	(3,311)	8,147	(8,166)	(36,744)	(63,563)	66,107
Total District-Wide Net Expense	\$ (6,180,658)	(6,134,936)	(6,632,767)	(7,089,122)	(7,133,227)	(7,559,080)	(9,312,265)	(9,987,888)	(9,405,215)	(9,956,768)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Local Tax Levy	\$ 1,742,324	1,766,197	1,800,667	1,780,009	1,816,288	1,842,888	1,868,128	1,871,223	1,903,804	1,997,216
Unrestricted Grants and Contributions	5,059,334	5,014,780	5,227,393	5,276,061	5,267,097	5,478,052	7,020,404	7,427,487	7,186,827	8,102,652
Tuition Received										
Investment Earnings	554	1,007	640	757	10,190	10,577	9,834	16,369	24,449	10,469
Miscellaneous Income	10,825	5,202	36,678	269	8,990	373,073	29,205	5,801	32,679	43,036
Prior Year Fixed Asset Adjustment							56,873	(93,364)	13,844	32,985
Transfers								(15,984)	(30,000)	
Total Governmental Activities	6,813,037	6,787,186	7,065,378	7,057,096	7,102,565	7,704,590	8,984,444	9,211,532	9,131,603	10,186,358
Business-Type Activities										
Investment Earnings	21	28	18	26	208	155	88	168	318	194
Fixed Asset Adjustment										(52,197)
Transfer									30,000	
Total Business-Type Activities	21	28	18	26	208	155	88	168	30,318	(52,003)
Total District-Wide	\$ 6,813,058	6,787,214	7,065,396	7,057,122	7,102,773	7,704,745	8,984,532	9,211,700	9,161,921	10,134,355
Change in Net Position										
Governmental Activities	\$ 631,414	658,239	451,664	(20,975)	(27,351)	137,363	(319,655)	(739,612)	(210,049)	163,483
Business-Type Activities	986	(5,961)	(19,035)	(11,025)	(3,103)	8,302	(8,078)	(36,576)	(33,245)	14,104
Total District-Wide	\$ 632,400	652,278	432,629	(32,000)	(30,454)	145,665	(327,733)	(776,188)	(243,294)	177,587

BOROUGH OF FOLSOM SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 2,420,183	\$ 2,907,014	\$ 3,072,276	\$ 3,160,063	\$ 2,983,960	\$ 3,059,926	\$ 2,727,190	\$ 2,128,563	\$ 2,022,285	\$ 2,189,582
Assigned - Encumbrances	84,734	229,070	229,880	38,465	157,394	204,815	18,966	79,251	69,635	67,313
Unassigned (Deficit)	(248,924)	(286,434)	(306,269)	(296,629)	(276,236)	(311,366)	(238,174)	(236,797)	(245,863)	(117,219)
Total General Fund	\$ 2,255,993	\$ 2,849,650	\$ 2,995,887	\$ 2,901,899	\$ 2,865,118	\$ 2,953,375	\$ 2,507,982	\$ 1,971,017	\$ 1,846,057	\$ 2,139,676
All Other Governmental Funds										
Restricted	\$ 1	\$ 1	\$ 10,296	\$ 10,296	\$ 10,296	\$ 10,296	\$	\$	\$	\$ 30,209
Unassigned, Reported in:							(8,288)	(6,309)	(5,867)	(5,967)
Special Revenue Fund (Deficit)										
Total All Other Governmental Funds	\$ 1	\$ 1	\$ 10,296	\$ 10,296	\$ 10,296	\$ 10,296	\$ (8,288)	\$ (6,309)	\$ (5,867)	\$ 24,242

Source: CAFR Schedule B-1

BOROUGH OF FOLSOM SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 1,742,324	\$ 1,766,197	\$ 1,800,667	\$ 1,780,009	\$ 1,816,288	\$ 1,842,888	\$ 1,868,128	\$ 1,871,223	\$ 1,903,804	\$ 1,997,216
Tuition Charges	554	1,007	640	757	10,190	10,577	9,834	16,369	24,449	10,469
Interest Earnings	10,825	5,202	36,678	269	8,990	275,045	97,322	5,801	32,679	21,845
Miscellaneous	5,678,897	5,960,352	6,076,069	6,197,824	6,309,480	6,426,487	6,678,280	6,983,250	7,344,915	7,509,271
State Sources	399,226	220,967	219,306	225,369	192,146	259,876	228,602	229,433	228,302	403,370
Federal Sources										
Other Sources										
Total Revenues	7,831,826	7,953,725	8,133,360	8,204,228	8,337,094	8,912,901	8,888,641	9,106,076	9,534,149	9,942,171
Expenditures										
Instruction										
Regular Instruction	1,977,796	2,087,149	2,025,008	2,060,927	1,998,513	2,016,313	2,025,560	2,127,928	2,107,584	2,054,297
Special Education Instruction	300,936	373,669	423,186	452,303	472,682	531,381	601,363	572,193	532,742	515,237
School Activities	32,186	28,011	39,223	43,391	41,028	38,324				
Other Special Instruction	39,205	31,716	93,449	153,734	139,245	235,425	202,797	176,015	193,739	198,931
Support Services										
Tuition	1,586,429	1,290,739	1,506,640	1,618,985	1,391,048	1,460,488	1,613,089	1,727,441	1,840,288	1,694,412
Student and Instruction Related Services	589,821	615,923	714,920	735,198	799,431	726,785	748,346	793,782	805,300	949,461
General Administrative Services	118,872	125,654	117,285	130,428	109,691	135,086	137,658	133,594	140,336	137,257
School Administrative Services	172,465	169,419	154,951	130,097	187,670	158,971	153,318	149,364	147,135	149,495
Central Services and Information Technology	126,076	134,798	119,700	132,942	156,659	160,400	154,037	162,983	167,542	172,386
Plant Operations and Maintenance	383,704	385,899	412,567	528,337	464,676	448,798	512,702	467,530	560,201	464,908
Pupil Transportation	356,346	417,280	489,381	512,263	551,766	520,097	604,498	753,187	509,580	539,811
Employee Benefits	1,189,718	1,227,844	1,226,607	1,330,683	1,630,747	1,879,161	2,159,801	2,252,725	2,328,813	2,520,410
Capital Outlay	71,965	229,260	417,497	242,878	199,470	287,265	210,098	86,186	73,657	44,325
Debt Service	248,708	242,707	276,568	226,050	231,250	226,150	180,000	180,000	185,000	185,000
Principal							49,350	42,150	36,750	31,200
Interest and Other Charges										
Total Expenditures	7,194,227	7,360,068	8,016,982	8,298,216	8,373,876	8,824,644	9,352,617	9,625,078	9,628,667	9,657,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	637,600	593,657	116,377	(93,988)	(36,781)	88,257	(463,976)	(519,002)	(94,518)	285,041
Other Financing Sources (Uses)										
Transfers								(15,984)	(30,000)	
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ 637,600	\$ 593,657	\$ 116,377	\$ (93,988)	\$ (36,781)	\$ 88,257	\$ (463,976)	\$ (534,986)	\$ (124,518)	\$ 285,041
Debt Service as a Percentage of Noncapital Expenditures	3.49%	3.40%	3.64%	2.81%	2.83%	2.65%	2.51%	2.33%	2.32%	2.25%

Source: CAFR Schedule B-2

EXHIBIT J-5

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

Fiscal Year Ended June 30,	Tuition	Interest	Refund of		Contract Settlement	Misc.	Total
			Prior Year	Expenditure			
2021	\$ 22,950	\$ 10,523	\$ 20,027	\$	\$	5	\$ 53,505
2020		24,449	16,001			16,678	57,128
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

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	Improvements	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)
2021	\$ 5,711,800	\$	\$	\$ 132,227,000	\$ 915,900	\$ 262,900	\$ 35,483,800	\$ 174,601,400	\$	\$ 174,601,400	1.162	\$ 174,601,400
2020	5,849,600			131,340,300	915,900	262,900	36,065,000	174,433,700		174,433,700	1.144	167,483,149
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

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
2021 *	1.036	0.126	1.162	0.415	0.568	0.983	2.145
2020	1.011	0.133	1.144	0.463	0.480	0.943	2.087
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

* 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	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
SOUTH JERSEY INDUSTRIES	\$ 6,135,900	1	3.51%	\$ 5,461,400	1	0.00%
LABORERS LOCAL 172-174	2,256,000	4	1.29%	899,100	6	0.00%
AMERICAN GALVANIZING CO	2,245,500	5	1.29%	1,783,800	2	0.00%
IBEW LOCAL 351	3,116,600	2	1.78%	879,000	8	0.00%
C & E CANNERS, INC	2,378,400	3	1.36%	1,531,700	3	0.00%
FOLSOM DEVELOPMENT ASSOC.	1,497,100	6	0.86%			
NJ 11TH STREET HOLDING CORP	1,204,100	9	0.69%			
KERR C/O DUCHARMR, MCMILLRN & ASSOC	1,130,300	10	0.65%			
CREAMER FOLSOM ASSOC.	1,221,600	8	0.70%	800,600	9	0.00%
TAXPAYER #1	1,301,400	7	0.75%	973,300	5	0.00%
TAXPAYER #2				898,100	7	0.00%
BODON INDUSTRIES, INC				741,800	10	0.00%
KERR CONCRETE				1,222,800	4	0.00%
Total	\$ 22,486,900		12.88%	\$ 15,191,600		0.00%

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	
2021	\$	1,997,216	\$ 1,997,216	100%	\$
2020		1,903,804	1,903,804	100%	
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%	

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 Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^u	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2021	\$ 595,000	\$	\$	\$	\$ 595,000	0.68%	\$	344
2020	780,000				780,000	0.91%		442
2019	965,000				965,000	1.12%		546
2018	1,145,000				1,145,000	1.40%		682
2017	1,325,000				1,325,000	1.63%		760
2016	1,495,000				1,495,000	1.83%		829
2015	1,665,000				1,665,000	2.06%		912
2014	1,825,000				1,825,000	2.27%		991
2013	2,026,000				2,026,000	2.57%		1,093
2012	2,176,000				2,176,000	2.79%		1,166

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			Percentage of	
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Actual Taxable Value ^a of Property	Per Capita ^b
2021	\$ 595,000	\$	\$ 595,000	0.34%	\$ 344
2020	780,000		780,000	0.47%	442
2019	965,000		965,000	0.58%	544
2018	* 1,145,000		1,145,000	0.69%	643
2017	1,325,000		1,325,000	1.23%	741
2016	1,495,000		1,495,000	1.39%	829
2015	1,665,000		1,665,000	1.54%	912
2014	1,825,000		1,825,000	1.69%	991
2013	2,026,000		2,026,000	1.90%	1,093
2012	2,176,000		2,176,000	2.06%	1,166

* 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, 2021
(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	\$ 595,000	100%	\$ 595,000
Debt Repaid with Property Taxes			
Local Municipality	664,448	100%	664,448
Other Debt			
County of Atlantic	168,081,327	0.54%	915,867
Subtotal, Overlapping Debt			2,175,315
Borough of Folsom School District Direct Debt			595,000
Total Direct and Overlapping Debt			\$ 2,770,315

Sources: Folsom Township Finance Officer and Atlantic 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 2020

Equalized Valuation Basis	
2019	\$ 181,796,456
2018	174,926,903
2017	169,700,078
[A]	\$ 526,423,437
Average Equalized Valuation of Taxable Property	
[A/3]	\$ 175,474,479
Debt Limit (3% of Average Equalization Value) ^a	
[B]	5,264,234
[C]	595,000
[B-C]	\$ 4,669,234
Net Bonded School Debt	
Legal Debt Margin	

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 5,833,420	\$ 5,566,062	\$ 5,489,599	\$ 5,273,674	\$ 5,146,844	\$ 5,079,893	\$ 5,035,796	\$ 5,058,255	\$ 5,079,697	\$ 5,264,234
Total Net Debt Applicable to Limit	2,176,000	2,026,000	1,825,000	1,665,000	1,495,000	1,325,000	1,145,000	965,000	780,000	595,000
Legal Debt Margin	\$ 3,657,420	\$ 3,540,062	\$ 3,664,599	\$ 3,608,674	\$ 3,651,844	\$ 3,754,893	\$ 3,890,796	\$ 4,093,255	\$ 4,299,697	\$ 4,669,234
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	37.30%	36.40%	33.24%	31.57%	29.05%	26.08%	22.74%	19.08%	15.36%	11.30%

^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>
2021	*	1,729	\$	87,644,251	\$	50,682	12.6%
2020		1,738		86,125,765		50,631	13.3%
2019		1,730		85,012,104		48,548	5.2%
2018		1,716		81,709,745		46,796	6.6%
2017		1,709		81,124,220		45,406	6.9%
2016		1,712		81,479,373		45,406	7.4%
2015		1,724		80,929,625		44,423	8.6%
2014		1,724		80,249,190		43,636	10.2%
2013		1,750		78,709,716		42,459	6.4%
2012		1,752		78,051,048		41,831	6.1%

*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>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Harrah's Resort				
Caesar's Entertainment	Not Available		Not Available	
Trump Entertainment				
Borgata Hotel, Casino & Spa				
FAA Technical Center				
Bally's Park Place				
	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>

Source: This information is for Atlantic County

*The number of employees per company was not given.

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

<u>Function/Program</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>2020</u>	<u>2021</u>
Instruction										
Regular	29.7	30.0	29.0	31.0	32.0	31.0	30.0	30.0	30.0	30.0
Special Education	7.7	7.7	7.8	10.0	10.0	11.0	12.0	10.0	9.0	9.0
Other Special Education						1.0	1.0	4.0	5.0	4.0
Vocational										
Other Instruction	1.0	2.4	2.4		1.3	3.0	3.0	3.0	3.0	3.0
Support Services:										
Tuition										
Student & Instruction Related Services	6.2	6.2	6.0	7.0	7.0	6.0	6.0	7.0	7.0	5.0
General Administrative Services	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School Administrative Services	2.3	2.3	2.3	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Business Administrative Services	1.7	1.7	1.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	5.2	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other				1.3	1.0	1.3	1.3	1.3	1.3	1.2
Food Service	2.9	3.6	3.6	3.3	3.3	2.5	3.3	3.3	3.0	3.25
Community Program					2.0	2.0	2.0	2.0	2.0	2.0
Total	57.4	59.1	58.3	63.6	67.6	68.8	69.6	71.6	71.3	68.45

Source: District Personnel Records

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

Fiscal Year	Enrollment (d)	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c (e)	Average Daily Attendance (ADA) ^c (e)	% Change in Average Daily Enrollment	Student Attendance Percentage
2021	446	\$ 9,396,605	\$ 21,069	7.68%	46.0	9.70 : 1	386.09	373.15	-2.80%	96.65%
2020	449	9,333,260	20,787	6.24%	46.0	9.76 : 1	387.38	373.39	-2.47%	96.39%
2019	477	9,333,260	19,567	2.08%	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%

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<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	418	424	435	415	415	401	398	401	394	393

Number of Schools at June 30, 2021

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

School Facilities	Gross Square Footage	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Folsom School	57,507	\$ 132,132	161,886	\$ 155,761	\$ 166,921	\$ 129,633	\$ 149,576	\$ 104,646	\$ 86,997	\$ 112,947	\$ 108,188
Total School Facilities		132,132	161,886	155,761	166,921	129,633	149,576	104,646	86,997	112,947	108,188
Other Facilities											
Grand Total		\$ 132,132	161,886	\$ 155,761	\$ 166,921	\$ 129,633	\$ 149,576	\$ 104,646	\$ 86,997	\$ 112,947	\$ 108,188

BOROUGH OF FOLSOM SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
RLI Insurance Company	Educator's Legal Liability		
	Limit of Liability	20,000,000	
	ACCASBOJIF Self Insured Retention	250,000	
	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 - 250,000
	Cyber Liability		
	Limit of Liability	2,000,000	
	ACCASBOJIF Self Insured Retention	None	
	Member District Deductible		50,000 - 100,000
	Crisis Protection & Disaster Management Services		
	Limit of Liability	1,000,000	
	ACCASBOJIF Self Insured Retention	None	
	Member District Deductible		10,000
	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, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education of the Borough of Folsom School District's basic financial statements, and have issued our report thereon dated January 27, 2022.

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 (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the Borough of Folsom Board of Education's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over 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 financial statements. 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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA

A handwritten signature in black ink, appearing to read 'Raymond Colavita', is written over a horizontal line.

Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 27, 2022

NIGHTLINGER, COLAVITA & VOLPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major 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 *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 state programs for the fiscal year ended June 30, 2021. The Borough of Folsom Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its 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 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 by the *Office of School Finance, Department of Education, State of New Jersey, and New Jersey Treasury Circular OMB 15-08*. Those standards, and the *State of 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 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 state program. Our audit does not provide a legal determination of Folsom Borough Board of Education's compliance.

Opinion on Each Federal and State 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 state programs for the fiscal year ended June 30, 2021.

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 state program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 January 27, 2022. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant No. 915
January 27, 2022

BOROUGH OF FOLSOM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	June 30, 2020		Cash Received	Budgetary Expenditures Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	June 30, 2021	
						(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue
U.S. Department of Education													
General Fund													
FEMA Proceeds	97.036	4488DRNJ0000001	N/A	7/1/20	6/30/21	\$ 4,083	\$	4,083	\$ (4,083)	\$	(4,083)	\$	\$
Total General Fund								4,083	(4,083)		(4,083)		
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
Child Nutrition Cluster:													
Cash Assistance:													
National School Lunch Program	10.555	201NJ304N1099	N/A	7/1/19	6/30/20	36,117	(1,532)	1,532					
National School Lunch Program	10.555	211NJ304N1099	N/A	7/1/20	6/30/21	161,619		146,139	(161,619)		(161,619)	(15,480)	
National School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19	6/30/20	12,540	(968)	968					
National School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/20	6/30/21	78,743		72,040	(78,743)		(78,743)	(6,703)	
Non-Cash Assistance:													
Food Distribution Program	10.565	Unknown	N/A	7/1/19	6/30/20	11,340	1,755		(1,755)		(1,755)		
Food Distribution Program	10.565	Unknown	N/A	7/1/20	6/30/21	13,476		13,476	(11,763)		(11,763)	1,713	
Total Enterprise Fund							(2,500)	1,755	(253,880)		(253,880)	(22,183)	1,713
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
E.S.E.A.:													
Title I, Part A	84.010	S010A200030	ESEA-1460-21	7/1/20	9/30/21	71,762		64,116	(71,627)		(71,627)	(7,511)	
Title I, Part A	84.010	S010A200030	ESEA-1460-20	7/1/19	9/30/20	76,120	(21,694)	21,694					
Title I, Part A Reallocated	84.010	S010A190030	ESEA-1460-21	7/1/20	9/30/21	10,669			(10,669)		(10,669)	(10,669)	
Title II, Part A	84.367A	S367A200029	ESEA-1460-21	7/1/20	9/30/21	6,833		4,713	(6,051)		(6,051)	(1,338)	
Title IV	84.424A	S424A200031	ESEA-1460-21	7/1/20	9/30/21	10,000		8,569	(9,524)		(9,524)	(955)	
Title IV	84.424A	S424A200031	ESEA-1460-20	7/1/19	9/30/20	10,000	(2,445)	2,445					
REAP	84.358A	S358A200798	REAP-1460-21	7/1/20	9/30/21	38,034		21,034	(38,034)		(38,034)	(17,000)	
REAP	84.358A	S358A192315	REAP-1460-20	7/1/19	9/30/20	33,501	(10,083)	10,083					
CARES ACT 2020/ESSER	84.425D	S425D200027	CARES-1460-20	3/13/20	9/30/22	60,490	(4,000)	60,490	(56,490)		(56,490)	(33,354)	
CRSA - ESSER II	84.425D	S425D210027	CARESII-1460-20	3/13/20	9/30/23	305,208			(33,354)		(33,354)	(33,354)	
IDEA Cluster:													
I.D.E.A. Part B	84.027A	H027A200100	IDEA-1460-21	7/1/20	9/30/21	98,236		90,320	(98,236)		(98,236)	(7,916)	
I.D.E.A. Preschool	84.173	H173A200114	IDEAPS-1460-21	7/1/20	9/30/21	4,657	(3,999)	4,657	(4,657)		(4,657)		
I.D.E.A. Preschool	84.173	H173A200114	IDEAPS-1460-20	7/1/19	9/30/20	4,701		3,999					
U.S. Department of Treasury													
Passed-through State Department of Education:													
Coronavirus Relief Fund Grant	21.019	N/A	CRF-0950-20	3/1/20	12/30/20	27,609		27,609	(27,609)		(27,609)		
Total Special Revenue Fund							(42,221)	319,729	(356,251)		(356,251)	(78,743)	
Total Federal Financial Awards						\$ (44,721)	\$ 1,755	\$ 557,967	\$ (614,214)	\$	\$ (614,214)	\$ (100,926)	\$ 1,713

(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, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Balance at June 30, 2021		MEMO	
				(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education											
General Fund											
Equalization Aid	20-495-034-5120-078	7/1/19 6/30/20	\$ 4,269,569	\$ (417,529)		\$ 417,529					
Equalization Aid	21-495-034-5120-078	7/1/20 6/30/21	4,269,569			3,852,226	(4,269,569)	(417,343)		* \$ (417,343)	\$ 4,269,569
Special Education Categorical Aid	20-495-034-5120-089	7/1/19 6/30/20	362,025	(35,403)		35,403					
Special Education Categorical Aid	21-495-034-5120-089	7/1/20 6/30/21	363,041			327,554	(363,041)	(35,487)		*	363,041
Transportation Aid	20-495-034-5120-014	7/1/19 6/30/20	181,520	(17,751)		17,751					
Transportation Aid	21-495-034-5120-014	7/1/20 6/30/21	181,520			163,777	(181,520)	(17,743)		*	181,520
Security Aid	20-495-034-5120-084	7/1/19 6/30/20	79,030	(7,728)		7,728					
Security Aid	21-495-034-5120-084	7/1/20 6/30/21	79,030			71,305	(79,030)	(7,725)		*	79,030
School Choice Aid	20-495-034-5120-068	7/1/19 6/30/20	1,204,632	(117,803)		117,803					
School Choice Aid	21-495-034-5120-068	7/1/20 6/30/21	1,118,416			1,009,093	(1,118,416)	(109,323)		*	1,118,416
Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19 6/30/21	1,160	(1,160)		1,160					
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20 6/30/21	1,450				(1,450)			*	1,450
Extraordinary Aid	20-495-034-5120-044	7/1/19 6/30/20	99,191	(99,191)		99,191					
Extraordinary Aid	21-495-034-5120-044	7/1/20 6/30/21	159,484			9,935	(159,484)	(149,549)		*	159,484
Reimbursed TPAF Social Security Contrib.	20-495-034-5094-003	7/1/19 6/30/20	215,850	(10,320)		10,320					
Reimbursed TPAF Social Security Contrib.	21-495-034-5094-003	7/1/20 6/30/21	215,850			204,786	(215,850)	(11,064)		*	215,850
On-Behalf TPAF Post Retirement Medical	20-495-034-5094-001	7/1/20 6/30/21	250,989			250,989	(250,989)			*	250,989
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	7/1/20 6/30/21	800,899			800,899	(800,899)			*	800,899
On-Behalf TPAF Long-term Disability Contrib.	21-495-034-5094-004	7/1/20 6/30/21	855			855	(855)			*	855
Total General Fund				(706,885)		7,398,304	(7,441,103)	(749,684)		(587,621)	7,441,103
Special Revenue Fund											
Preschool Education Aid	20-495-034-5120-086	7/1/19 6/30/20	82,482	(5,867)		5,867					
Preschool Education Aid	21-495-034-5120-086	7/1/20 6/30/21	85,688			79,721	(85,688)	(5,967)		*	85,688
State Department of Agriculture											
Enterprise Fund:											
National School Lunch Prog. (State Share)	20-100-010-3350-023	7/1/19 6/30/20	1,340	(363)		363				*	9,259
National School Lunch Prog. (State Share)	21-100-010-3350-023	7/1/20 6/30/21	9,259			7,323	(9,259)	(1,936)			9,259
Total Enterprise Fund				(363)		7,686	(9,259)	(1,936)			9,259
Total State Financial Assistance				\$ (713,115)		\$ 7,491,578	(7,536,050)	(757,587)		\$ (593,588)	\$ 7,536,050
Less: On-Behalf TPAF Pension System Contributions											
On-Behalf TPAF Post Retirement Medical	21-495-034-5094-001	7/1/20 6/30/21	250,989			\$ 250,989	(250,989)				
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	7/1/20 6/30/21	800,899			800,899	(800,899)				
On-Behalf TPAF Long-term Disability Contrib.	21-495-034-5094-004	7/1/20 6/30/21	855			855	(855)				
Total State Financial Assistance - Major Program Determination						\$ 6,438,835	(6,483,307)				

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, 2021

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, 2021
(Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$8,593 for the general fund and \$(220) 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 in the following table:

	<u>Federal</u>		<u>State</u>		<u>Total</u>
General Fund	\$ 4,083	\$	7,449,696	\$	7,453,779
Special Revenue Fund	356,251		58,595		414,846
Food Service Fund	<u>253,880</u>		<u>9,259</u>		<u>263,139</u>
Total Financial Assistance	\$ <u>614,214</u>	\$	<u>7,517,550</u>	\$	<u>8,131,764</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, 2021.

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, 2021. 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, 2021.

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, 2021**

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
<u>N/A</u>		

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, 2021
(continued)**

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
21-495-034-5120-078	Equalization Aid
21-495-034-5120-089	Special Education Categorical Aid
21-495-034-5120-084	Security Aid
21-495-034-5120-068	School Choice Aid
21-495-034-5094-003	Reimbursed TPAF Social Security Contrib.

**BOROUGH OF FOLSOM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021
(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 -

Finding: None

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
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.