

Board of Education
of the

Folsom School District

PROUD TO BE A CHOICE SCHOOL

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

of the

Borough of Folsom Board of Education

Folsom, New Jersey

For the Fiscal Year Ended June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

**Borough of Folsom Board of Education
Folsom, New Jersey**

For the Fiscal Year Ended June 30, 2023

Prepared by

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE BOROUGH OF FOLSOM BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	9-11
Required Supplementary Information - Part I Management's Discussion and Analysis (Unaudited)	12-19
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	20
A-2 Statement of Activities	21
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	23
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Funds:	
B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Not Used	28-30
Notes to the Financial Statements	31-63

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE BOROUGH OF FOLSOM BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS
(page 2)**

FINANCIAL SECTION (continued)	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules (Unaudited):	
C-1 Budgetary Comparison Schedule - General Fund	64-70
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-1b Community Development Block Grant - Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	71
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	72
Required Supplementary Information - Part III (Unaudited)	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	73
L-2 Schedule of District Contributions - PERS	74
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	75
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net OPEB Liability - PERS	76
Other Supplementary Information	
D. School Based Budget Schedules (if applicable)	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE BOROUGH OF FOLSOM BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS
(page 3)**

FINANCIAL SECTION (continued)	<u>Page</u>
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	77-78
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	79
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	79A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	79B
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	79C
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	80
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	81
G-3 Combining Schedule of Cash Flow	82
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	83
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	84

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE BOROUGH OF FOLSOM BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS
(page 4)**

	<u>Page</u>
Introduction to the Statistical Section	85
 <u>STATISTICAL SECTION (UNAUDITED)</u>	
Financial Trends	
J-1 Net Position by Component	85
J-2 Changes in Net Position	86
Fund Balances - Governmental Funds	
J-4 Changes in Fund Balances, Governmental Funds	88
J-5 General Fund Other Local Revenue By Source	89
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	90
J-7 Direct and Overlapping Property Tax Rates	91
J-8 Principal Property Tax Payers	92
J-9 Property Tax Levies and Collections	93
Debt Capacity	
J-10 Ratio of Outstanding Debt by Type	94
J-11 Ratios of General Bonded Debt Outstanding	95
J-12 Direct and Overlapping Governmental Activities Debt	96
J-13 Legal Debt Margin Information	97
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	98
J-15 Principal Employers	99
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	100
J-17 Operating Statistics	101
J-18 School Building Information	102
J-19 Schedule of Required Maintenance Expenditures by School Facility	103
J-20 Insurance Schedule	104
 <u>SINGLE AUDIT SECTION</u>	
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	105-106
K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with the State of New Jersey OMB Circular 15-08	107-109
K-3 Schedule of Expenditures of Federal Awards, Schedule A	110
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	111

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE BOROUGH OF FOLSOM BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**TABLE OF CONTENTS
(page 5)**

<u>SINGLE AUDIT SECTION</u>		<u>Page</u>
K-5	Notes to Schedules of Expenditures of Federal and State Awards	112-113
K-6	Schedule of Findings and Questioned Costs	
	- Section I - Summary of Auditor's Results	
	- Section II - Financial Statement Findings	
	- Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs	114-117
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	118

INTRODUCTORY SECTION



FOLSOM ELEMENTARY SCHOOL

1357 MAYS LANDING ROAD

FOLSOM, NJ 08037

Phone: 609-561-8666 / Fax: 609-567-8751

www.folsomschool.org

Kevin J. Fricke

Superintendent

Christopher R. Veneziani

Business Administrator

Michele L. Hetzel

*Director of Curriculum & Instruction
& Special Education*

November 22, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Folsom School District for the fiscal year ended June 30, 2023, 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 annual comprehensive 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 2022-2023 fiscal year with an enrollment of 376 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>
2022-23	376	.53%
2021-22	374	(3.3%)
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%

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 2022-2023 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 committed to providing resources and support for teachers with the goal of strengthening educator practice and student learning. For instance, 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 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 2022-2023 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 - Folsom School District offered a wealth of extracurricular programs during the 2022-2023 SY which consisted of sports, service clubs, academic support, and the arts.

The Gifted & Talented Program for students in grades 6-8 was infused into the computer science class 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 identified BSI teachers used progress monitoring to track student progress throughout the school year

Students received electives in a 60-minute period each day consisting 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 throughout the school year. Weekly lessons during morning meeting 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.

The District has embarked on a \$7,012,045 capital improvement project over the next two years. The voters approved a bond referendum in the amount of \$3,829,000 with the remaining \$3,183,045 being funded through State and Federal grants. The multiyear capital improvement project includes the replacement of the HVAC system throughout the school, replacement of the roof on the entire building, upgrading the phone system, and increasing school security by installing electronic door locks throughout the school. Phase I of the HVAC project will be completed over the summer of 2023 in addition to the new phone system and electronic door locks. During the summer of 2024 Phase II of the HVAC project will be completed along with the Roof Project.

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, 2023.

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, 2023 the District's outstanding debt included \$4,034,000 of general obligation bonds. The amount of unvoted debt available is \$1,614,571, 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.

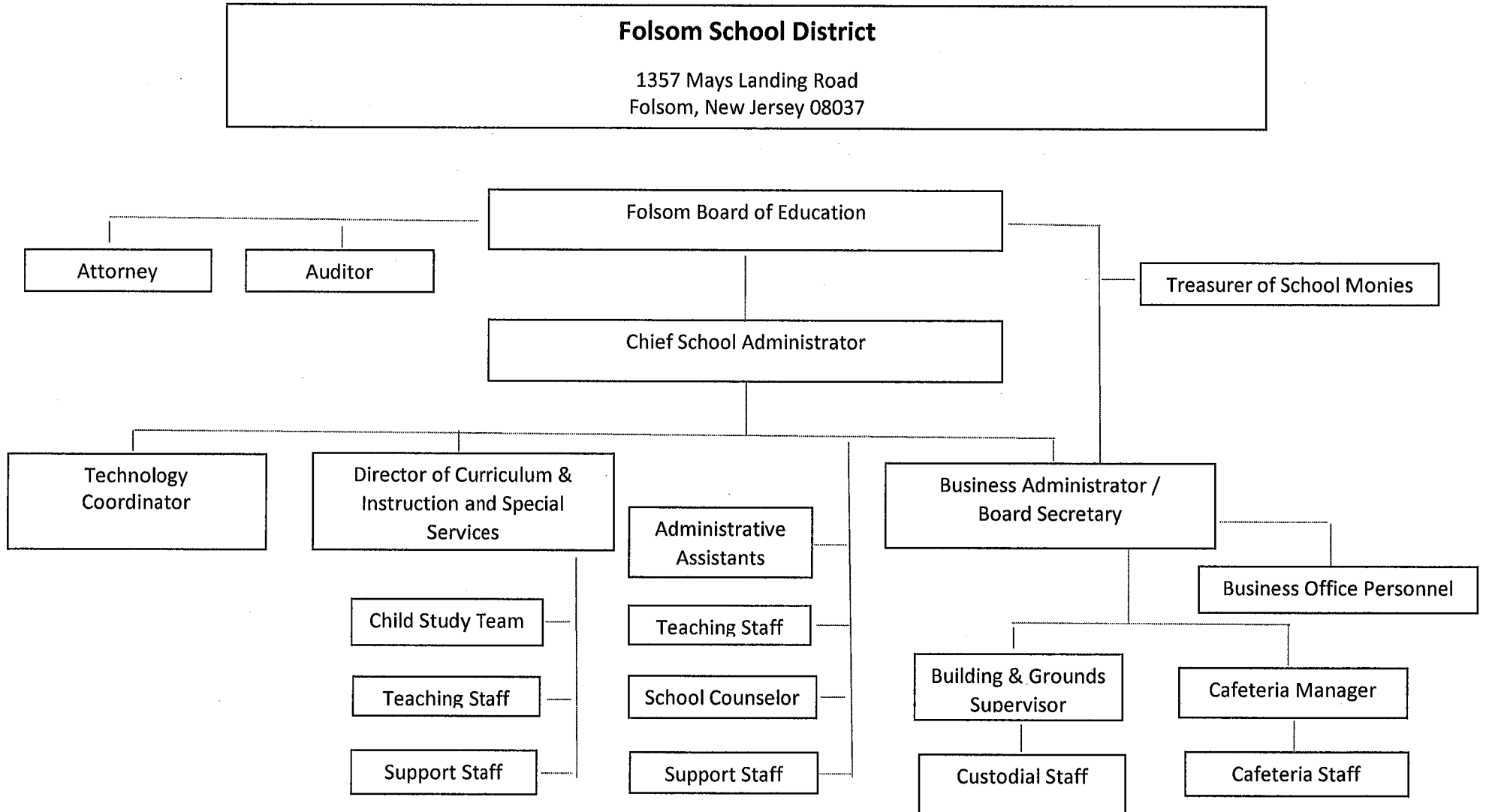
Respectfully submitted,

Kevin J. Fricke

Kevin J. Fricke, Chief School Administrator

Christopher R. Veneziani

Christopher R. Veneziani, School Business Administrator



BOROUGH OF FOLSOM BOARD OF EDUCATION
FOLSOM, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Glenn Smith, President	2023
Lisa O'Toole, Vice President	2023
Daria DeStefano	2024
Marisa Scibilia	2025
Tiffani Dych	2024
John Thomas	2024
Andrea Way	2025
<u>OTHER OFFICIALS</u>	<u>Amount of Bond</u>
Dr. Matthew Mazzoni, Chief School Administrator	
Christopher Veneziani, School Business Administrator	\$ 25,000
Beverly Mateo	185,000
Kasi Marie Gifford, Board Attorney	

BOROUGH OF FOLSOM BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Kasi Marie Gifford, Esq.
Cooper Levenson Attorneys at Law
1125 Atlantic Avenue
Atlantic City, NJ 08401

OFFICIAL DEPOSITORY

Ocean First
702 12th Street
Hammonton, New Jersey 08037

Risk Management Consultant

Hardenbergh Insurance Group
800 Sagemore Drive
Marlton, NJ 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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 Folsom Borough School District in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board of Education of the Folsom Borough School District in the County of Atlantic, State of New Jersey's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Folsom Borough School District in the County of Atlantic, State of New Jersey, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education of the Folsom Borough School District in the County of Atlantic, State of New Jersey, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of the Folsom Borough School District in the County of Atlantic, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board of Education of the Folsom Borough School District in the County of Atlantic, State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of the Folsom Borough School District in the County of Atlantic, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Folsom Borough School District in the County of Atlantic, State of New Jersey's basic financial statements. The combining and individual fund financial statements 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 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 statements and related major fund supporting financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report, as required by the Office of School Finance, Department of Education, State of New Jersey. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

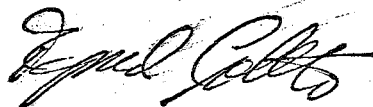
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2023, on our consideration of the Folsom Borough Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Folsom Borough 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 Folsom Borough School District's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant

No. 915
November 22, 2023

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, 2023**

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, 2023. 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, 2023 year include the following:

- Net Position for Governmental and Business-Type activities was \$8,464,812 and \$241,130 totaling \$8,705,942.
- Net Position increased by \$1,260,515 in Governmental Activities and increased by \$28,800 in the Business-Type activities.
- The fund balance of the General Fund as of June 30, 2023 was \$2,581,909, which is a increase of \$202,422 when compared with the beginning balance of \$2,379,487.
- The District's outstanding bonded debt at June 30, 2023 is \$4,034,000.

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,	
	2023	2022	2023	2022
Current and Other Assets	\$ 3,214,538	\$ 2,497,037	\$ 264,191	\$ 213,398
Capital Assets	11,172,240	6,555,118	23,265	24,548
Deferred Outflows	252,687	282,093		
Total Assets	\$ 14,639,465	\$ 9,334,248	\$ 287,456	\$ 237,946.00
Long-Term Liabilities	5,290,009	1,408,596	6,410	5,664
Other Liabilities	646,944	89,224	39,916	19,952
Deferred Inflows	237,700	632,131		
Total Liabilities	\$ 6,174,653	\$ 2,129,951	\$ 46,326	\$ 25,616.00
Net Position				
Invested in Capital Assets	3,383,688	6,136,691	23,265	24,548
Restricted	6,319,107	2,548,654		
Unrestricted	(1,237,983)	(1,481,048)	217,865	187,782
Total Net Position	\$ 8,464,812	\$ 7,204,297	\$ 241,130	\$ 212,330

Summary of Changes in Net Position

Table 2

	Governmental Activities		Business Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues						
Program Revenue						
Charges for Services	\$ 40,580	\$ 35,082	\$ 186,518	\$ 83,069	\$ 227,098	\$ 118,151
Grants and Entitlements	1,107,817	876,890	113,476	344,531	1,221,293	1,221,421
General Revenue						
Property Taxes	2,077,269	2,030,436			2,077,269	2,030,436
Grants and Entitlements	6,839,165	7,283,167			6,839,165	7,283,167
Other	3,854,085	72,594	1,052	258	3,855,137	72,852
Total Revenues	13,918,916	10,298,169	301,046	427,858	14,219,962	10,726,027
Expenses						
Instruction	4,262,770	4,736,858			4,262,770	4,736,858
Support Services	6,723,899	3,525,705			6,723,899	3,525,705
Tuition	1,104,783	1,283,514			1,104,783	1,283,514
Interest on Debt	210,215	59,426			210,215	59,426
Unallocated Depreciation	356,734	360,542			356,734	360,542
Business-Type Activities			272,246	313,826	272,246	313,826
Total Expenses	12,658,401	9,966,045	272,246	313,826	12,930,647	10,279,871
Change in Net Position	\$ 1,260,515	\$ 332,124	\$ 28,800	\$ 114,032	\$ 1,289,315	\$ 446,156

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 \$13,918,916 for the fiscal year ended June 30, 2023. Property taxes made up 14.9% percent of revenues for governmental activities for the Borough of Folsom School District for fiscal year 2023. Federal, state and local grants accounted for \$7,946,982 or another 57.1% and miscellaneous sources accounted for 27.9%. The total cost of all program and services was \$14,219,962. Instruction expenses of \$4,262,770 comprised 32.9% 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:

Table 3

	June 30, 2023	June 30, 2022	Change
Fund Balances:			
Restricted			
Capital Reserve	\$ 687,060	\$ 685,932	\$ 1,128
Maintenance Reserve	217,570	216,299	1,271
Emergency Reserve	120,304	119,600	704
Student Activities	33,608	35,563	(1,955)
Unemployment Compensation	16,479	24,696	(8,217)
Excess Surplus	1,565,527	1,333,524	232,003
Deebt Service Fund	8,100		8,100
Committed - Capital project Fund	3,723,919		3,723,919
Assigned			
Encumbrances	25,620	27,576	(1,956)
Designated for Budget	174,059	133,040	41,019
Unassigned			
Special Revenues	(23,016)	(3,862)	(19,154)
General	(224,710)	(161,180)	(63,530)
Total	<u>\$ 6,324,520</u>	<u>\$ 2,411,188</u>	<u>\$ 3,913,332</u>

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 \$11,320,877 and expenditures of \$11,236,545. The net positive/negative change in fund balance for the year was an increase of \$3,829,000 which was attributed to the appropriation of surplus.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to prior year revenues.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2023.

Table 5

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent/ Increase (Decrease)</u>
Current:				
Instruction	\$ 3,214,802	29%	\$ 292,138	10.6%
Tuition	1,104,783	10%	(178,731)	-13.9%
Undistributed Expenditures	5,424,221	48%	(12,716)	-0.2%
Capital Outlay	1,276,539	11%	1,195,759	1480.3%
Debt Service:				
Principal	200,000	2%	10,000	5.26%
Interest	16,200	0%	(7,600)	-31.93%
Total	\$ 11,236,545	100%	\$ 1,298,850	13.07%

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 \$7,586,361. Actual revenues, excluding on-behalf contributions for Pension and Social Security of \$1,641,748 (which are not budgeted), were \$7,790,215.

Expenditures

The General Fund adopted expenditures were budgeted at \$8,392,271. Actual expenditures, not including on-behalf contributions for Pension and Social Security (which are not budgeted), were \$7,586,525, with nothing transferred to the Preschool Program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023 the District had \$14,239,541 invested in land, building, and equipment less \$6,796,456 in accumulated depreciation expense. For more detailed information, please refer to the Notes to the Financial Statements.

Table 6

	Governmental Activities		Business Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Facilities and Improvements	\$ 6,524,811	\$ 5,660,109	\$	\$	\$ 6,524,811	\$ 5,660,109
Equipment	895,009	895,009	23,265	24,548	918,274	919,557
	<u>\$ 7,419,820</u>	<u>\$ 6,555,118</u>	<u>\$ 23,265</u>	<u>\$ 24,548</u>	<u>\$ 7,443,085</u>	<u>\$ 6,579,666</u>

Debt Administration

At the end of fiscal year 2023, the School District had \$5,290,009 of outstanding debt. Of this amount, \$133,157 is for compensated absences and \$4,034,000 is for general obligation bonds, \$1,115,092 represents Net Pension Liability, \$2,132 was for Right-to-lease Liability and \$5,628 represents the unamortized premium on bonds. The amount of allowable unvoted debt is \$1,614,571. 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, 2023

	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$ 643,670	\$ 248,212	\$ 891,882
Receivables, Net	5,298,354	10,403	5,308,757
Restricted Assets:			
Cash and Cash Equivalents	1,024,934		1,024,934
Capital Assets, Net (Note 8)	7,419,820	23,265	7,443,085
Inventory		5,576	5,576
Total Assets	14,386,778	287,456	14,674,234
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflow	252,687		252,687
Total Deferred Outflows of Resources	252,687		252,687
LIABILITIES			
Accounts Payable	117,239	28,772	146,011
Accrued Interest Payable	4,506		4,506
Unearned Revenue	525,199	11,144	536,343
Non-current Liabilities (Note 9):			
Due Within One Year	207,132		207,132
Due Beyond One Year	5,082,877	6,410	5,089,287
Total Liabilities	5,936,953	46,326	5,983,279
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflow	237,700		237,700
Total Deferred Inflows of Resources	237,700		237,700
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,383,688	23,265	3,406,953
Restricted for:			
Capital Reserve	687,060		687,060
Maintenance Reserve	217,570		217,570
Emergency Reserve	120,304		120,304
Other Purposes	5,184,252		5,184,252
Unemployment Compensation	16,479		16,479
Student Activities	33,608		33,608
Unrestricted (Deficit)	(1,178,149)	217,865	(960,284)
Total Net Position	\$ 8,464,812	\$ 241,130	\$ 8,705,942

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, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 3,113,609	\$	\$ 428,777	\$ (2,684,832)	\$	\$ (2,684,832)
Special Education	902,253			(902,253)		(902,253)
Other Instruction	246,908			(246,908)		(246,908)
Support Services:						
Tuition	1,104,783			(1,104,783)		(1,104,783)
Student & Instruction Related Services	1,238,213	40,580	157,615	(1,040,018)		(1,040,018)
General and Business Admin Services	184,173			(184,173)		(184,173)
School Administrative Services	192,746			(192,746)		(192,746)
Central Services	265,471			(265,471)		(265,471)
Plant Operations and Maintenance	4,250,893			(4,250,893)		(4,250,893)
Pupil Transportation	626,236			(626,236)		(626,236)
Employee Benefits	(33,833)		521,425	555,258		555,258
Interest Expense	210,215			(210,215)		(210,215)
Unallocated Depreciation	356,734			(356,734)		(356,734)
Total Governmental Activities	12,658,401	40,580	1,107,817	(11,510,004)		(11,510,004)
Business-Type Activities:						
Food Service	230,673	96,178	113,476		(21,019)	(21,019)
Community Program	41,573	90,340			48,767	48,767
Total Business-Type Activities	272,246	186,518	113,476		27,748	27,748
Total Primary Government	\$ 12,930,647	\$ 227,098	\$ 1,221,293	(11,510,004)	27,748	(11,482,256)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				2,077,269		2,077,269
Federal and State Aid Not Restricted				6,839,165		6,839,165
Investment Earnings				16,737	1,052	17,789
Miscellaneous Income				19,126		19,126
Proceeds from Bond Issuance				3,829,000		3,829,000
Special Items:						
Fixed Asset Adjustment				(10,778)		(10,778)
Total General Revenues, Special Items, Extraordinary Items and Transfers				12,770,519	1,052	12,771,571
Change in Net Position				1,260,515	28,800	1,289,315
Net Position—Beginning				7,204,297	212,330	7,416,627
Net Position—Ending				\$ 8,464,812	\$ 241,130	\$ 8,705,942

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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 618,834	\$ 33,608	\$ (26,751)	\$ 8,100	\$ 633,791
Cash and Cash Equivalents - Capital Reserve	687,060				687,060
Cash and Cash Equivalents - Emergency Reserve	120,304				120,304
Cash and Cash Equivalents - Maintenance Reserve	217,570				217,570
Interfund Receivable	889,197				889,197
State Aid Receivable	135,866	1,181,872			1,317,738
Federal Aid Receivable		224,798			224,798
Other Receivables	3,398				3,398
Bond Proceeds Receivable			3,752,420		3,752,420
Total Assets	\$ 2,672,229	\$ 1,440,278	\$ 3,725,669	\$ 8,100	\$ 7,846,276
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 90,320	\$ 25,169	\$ 1,750	\$	\$ 117,239
Interfund Payable		879,318			879,318
Unearned Revenue		525,199			525,199
Total Liabilities	90,320	1,429,686	1,750		1,521,756
Fund Balances:					
Restricted for:					
Capital Reserve	687,060				687,060
Maintenance Reserve	217,570				217,570
Unemployment Compensation	16,479				16,479
Student Activities		33,608			33,608
Emergency Reserve	120,304				120,304
Excess Surplus - Designated for Subsequent Year's Expenditures	688,230				688,230
Excess Surplus	817,463				817,463
Committed			3,504,500		3,504,500
Assigned to Encumbrances	25,620		219,419		245,039
Assigned - Designated for Subsequent Year's Expenditures	174,059				174,059
Unassigned (Deficit)	(164,876)	(23,016)		8,100	(179,792)
Total Fund Balances	2,581,909	10,592	3,723,919	8,100	6,324,520
Total Liabilities and Fund Balances	\$ 2,672,229	\$ 1,440,278	\$ 3,725,669	\$ 8,100	

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 \$14,158,160 and the accumulated depreciation is \$6,738,340 (see Note 8).	7,419,820
Deferred Outflow of Resources - Deferred Pension Contribution	252,687
Deferred Inflows of Resources - Pension Actuarial Gains	(237,700)
Long Term Net Pension Liability	(1,115,092)
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)	(4,174,917)
Accrued Interest	(4,506)
Net Position of governmental activities	\$ 8,464,812

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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,852,969	\$	\$	\$ 224,300	\$ 2,077,269
Interest Earned	16,737				16,737
Miscellaneous	19,126				19,126
Local Sources		40,580			40,580
Total - Local Sources	1,888,832	40,580		224,300	2,153,712
State Sources	7,541,863	1,028,232			8,570,095
Federal Sources		597,070			597,070
Total Revenues	9,430,695	1,665,882		224,300	11,320,877
EXPENDITURES					
Current:					
Regular Instruction	1,964,891	428,777			2,393,668
Special Education Instruction	643,838				643,838
Other Instruction	177,296				177,296
Support Services:					
Tuition	1,104,783				1,104,783
Student & Instruction Related Services	801,998	157,615			959,613
General Administrative Services	150,681				150,681
School Administrative Services	144,159				144,159
Central Services	201,466				201,466
Plant Operations and Maintenance	501,811				501,811
Pupil Transportation	622,563				622,563
Employee Benefits	2,843,928				2,843,928
Capital Outlay	70,859	1,100,599	105,081		1,276,539
Debt Service					
Principal				200,000	200,000
Interest				16,200	16,200
Total Expenditures	9,228,273	1,686,991	105,081	216,200	11,236,545
Excess (Deficiency) of Revenues over Expenditures	202,422	(21,109)	(105,081)	8,100	84,332
OTHER FINANCING SOURCES (USES)					
Bond Proceeds			3,829,000		3,829,000
Total Other Financing Sources and Uses			3,829,000		3,829,000
Net Change in Fund Balances	202,422	(21,109)	3,723,919	8,100	3,913,332
Fund Balance—July 1	2,379,487	31,701			2,411,188
Fund Balance—June 30	\$ 2,581,909	\$ 10,592	\$ 3,723,919	\$ 8,100	\$ 6,324,520

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, 2023

Total net change in fund balances - governmental funds (from B-2) \$ 3,913,332

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	\$ (356,734)	
Capital Outlays	1,243,509	
		886,775

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. 132,769

Repayment of right-to-use lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (10,778)

Accrued Interest (1,131)

Increase in Compensated Absences (38,568)

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	200,000	
Amortization of Bond Principal	7,116	
Proceeds from Bond Issue	(3,829,000)	

Change in net position of governmental activities (A-2) \$ 1,260,515

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, 2023

	Business-type Activities - Enterprise Funds		
	Community Program	Food Service	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 72,955	\$ 185,136	\$ 258,091
Federal and State Aid Receivable		4,461	4,461
Accounts Receivable	5,942		5,942
Inventory		5,576	5,576
Total Current Assets	78,897	195,173	274,070
Fixed Assets:			
Equipment		81,381	81,381
Accumulated Depreciation		(58,116)	(58,116)
Total Fixed Assets		23,265	23,265
Total Assets	78,897	218,438	297,335
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Accounts Payable		28,772	28,772
Interfunds Payable	375	9,504	9,879
Unearned Revenue	5,608	5,536	11,144
Compensated Absences		6,410	6,410
Total Current Liabilities	5,983	50,222	56,205
NET POSITION			
Investment in Fixed Assets		23,265	23,265
Unrestricted	72,914	144,951	217,865
Total Net Position	72,914	168,216	241,130
Total Liabilities and Fund Equity	\$ 78,897	\$ 218,438	\$ 297,335

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, 2023

	Business-type Activities - Enterprise Fund		
	Community Program	Food Service	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$	\$ 96,015	\$ 96,015
Non-reimbursable Sales		163	163
Program Fees	90,340		90,340
Total Operating Revenue:	90,340	96,178	186,518
Operating Expenses:			
Cost of Sales - Reimbursable		74,090	74,090
Cost of Sales - Non Reimbursable		3,978	3,978
Salaries	39,897	75,000	114,897
Employee Benefits		30,746	30,746
Other Purchased Services		64	64
General Supplies	851	2,593	3,444
Depreciation		1,283	1,283
Other	825	42,919	43,744
Total Operating Expenses	41,573	230,673	272,246
Operating (Loss) Income	48,767	(134,495)	(85,728)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program		3,746	3,746
State School Breakfast Program		633	633
Federal Sources:			
National School Lunch Program		58,632	58,632
National School Breakfast Program		19,167	19,167
Food Distribution Program		11,028	11,028
P-EBT Administrative Cost		653	653
Supply Chain Assistance		19,617	19,617
Interest	61	991	1,052
Total Non-operating Revenues (Expenses)	61	114,467	114,528
(Loss) Income Before Transfers	48,828	(20,028)	28,800
Transfers In (Out)			
Change in Net Position	48,828	(20,028)	28,800
Total Net Position—Beginning	24,086	188,244	212,330
Total Net Position—Ending	\$ 72,914	\$ 168,216	\$ 241,130

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, 2023

	Business-type Activities - Enterprise Funds		
	Community Program	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 90,340	\$ 96,178	\$ 186,518
Payments to Employees	(39,897)	(105,000)	(144,897)
Payments to Suppliers	(5,223)	(84,304)	(89,527)
Net Cash Provided by (Used for) Operating Activities	<u>45,220</u>	<u>(93,126)</u>	<u>(47,906)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Local Sources			
State Sources		4,379	4,379
Federal Sources		109,097	109,097
Operating Subsidies and Transfers to Other Funds			
Net Cash Provided by (Used for) Non-capital Financing Activities		<u>113,476</u>	<u>113,476</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Fixed Assets			
Net Cash Provided by (Used for) Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	61	991	1,052
Net Cash Provided by (Used for) Investing Activities	<u>61</u>	<u>991</u>	<u>991</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	45,281	21,341	66,622
Balances—Beginning of Year	27,674	163,795	191,469
Balances—End of Year	<u>\$ 72,955</u>	<u>\$ 185,136</u>	<u>\$ 258,091</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 48,767	\$ (134,495)	\$ (85,728)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization		1,283	1,283
Decrease/(Increase) in Accounts Receivable	(2,601)	20,711	18,110
Decrease/(Increase) in Inventory		(1,483)	(1,483)
(Decrease)/Increase in Accounts Payable		18,135	18,135
(Decrease)/Increase in Interfund Payable	(803)	5	(798)
(Decrease)/Increase in Deferred Revenue	(143)	1,972	1,829
(Decrease)/Increase in Compensated Absences		746	746
Total Adjustments	<u>(3,547)</u>	<u>41,369</u>	<u>37,822</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 45,220</u>	<u>\$ (93,126)</u>	<u>\$ (47,906)</u>

Noncash Investing, Capital, and Financing Activities:

During the year, the District received \$12,208 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, 2023

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, 2023 of 376 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:

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

- GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements* was effective after June 15, 2022 and was considered by Management.
- GASB Statement No. 99 - *Omnibus 2022*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Management is evaluating the potential impact of the adoption of GASB 99 on the School District's financial statements.
- GASB Statement No. 100 - *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*: The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Management is evaluating the potential impact of the adoption of GASB 100 on the School District's financial statements.
- GASB Statement No. 101 - *Compensated Absences*: The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management is evaluating the potential impact of the adoption of GASB 101 on the School District's financial statements.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

A. Basis of Presentation:

The District's financial reporting consist of a Management's Discussion and Analysis (MD&A) providing an analysis of the District's over-all financial position and results of operations, as well as Basic financial statements prepared using full-accrual accounting for all of the District's activities.

The District's basic financial statements consist of District-wide statements, which include a statement of net position and a statement of activities, along with fund financial statements, which provide a more detailed level of financial information.

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

B. Fund Accounting: (Continued)

GOVERNMENTAL FUNDS

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

As a result of implementing GASB Statement No. 84, Fiduciary Activities, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

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.

As a result of implementing GASB Statement No. 84, Fiduciary Activities, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

B. Fund Accounting: (Continued):

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 and a Community Program Fund, which includes an Administration account, SACC and other activities.

Internal Service Fund - The District does not maintain an internal 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	12-20 Years

FIDUCIARY 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.

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.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

D. Budgets/Budgetary Control:

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

Formal budgetary integration into the accounting system is a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below.

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

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 2020-2021, 2021-2022, and 2022-2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses:

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

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

J. Assets, Liabilities and Equity:

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

Inventories - On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. The Food Service inventory as of June 30, 2023 consisted of \$4,548 in food and \$1,028 in supplies for a total of \$5,576. Of the \$4,548 reflected in inventory as of June 30, 2023, Federal Commodity Food represents \$1,501. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

J. Assets, Liabilities and Equity: (Continued)

Inventories - Continued

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, 2023 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>Assets</u>	<u>Years</u>
<i>Buildings</i>	50
<i>Building improvements & portable classroom</i>	20 -50
<i>Land improvements</i>	20
<i>Furniture</i>	20
<i>Maintenance equipment</i>	15
<i>Musical instruments</i>	10
<i>Athletic equipment</i>	10
<i>Audio visual equipment</i>	10
<i>Office equipment</i>	5 - 10
<i>Computer equipment</i>	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, 2023

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 expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2023.

Q. Fund Equity:

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

R. Comparative Data/Reclassifications:

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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 the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - 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 credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

V. Fund balances - Governmental Funds

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

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

V. Fund balances - Governmental Funds - Continued

- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

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.

X. Tax assessments and property taxes:

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

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

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

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023, the District had no funds on deposit with the New Jersey Cash Management.

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

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

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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, 2023, cash and cash equivalents in the fund financial statements of the District consisted of the following:

		Cash and Cash Equivalents
Checking Accounts	\$	1,916,816
Total	\$	1,916,816

Unrestricted cash

Governmental funds, Balance Sheet	B-1		\$ 633,791
Enterprise funds, Statement of Net Position	B-4		258,091

Restricted cash

Governmental funds, Balance Sheet	B-1		1,024,934
Total cash			\$ 1,916,816

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

As of June 30, 2023, the District's bank balance of \$3,170,974 was insured or collateralized as follows:

Insured by Depository Insurance		\$ 250,000
Collateralized under GUDPA		2,920,974
Total		\$3,170,974

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance July 1, 2022	\$	685,932
Added		
Interest Earnings		1,128
Ending Balance June 30, 2023	\$	<u>687,060</u>

NOTE 5. MAINTENANCE RESERVE ACCOUNT

New Jersey Statute 18A:7G-9 permits school districts to accumulate funds for the required maintenance of a facility in accordance with EFCFA. The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities projects, districts are required to submit a plan for maintenance of that facility. The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance July 1, 2022	\$	216,299
Increased by:		
Interest Earnings		1,271
		<u>217,570</u>
Decreased by:		
Withdrawn by Resolution		
Ending Balance June 30, 2023	\$	<u>217,570</u>

Districts are also permitted, as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit into the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District did not deposit any additional funds into their Maintenance Reserve Account by Board Resolution in June 2023.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 2022-2023 school year, funds were withdrawn to fund operations and interest income was added, resulting in a balance at June 30, 2023 of \$120,304, which is within the \$250,000 maximum allowed for a district. In addition, \$0 was assigned and anticipated as revenue in the 2023-2024 budget.

Beginning Balance July 1, 2022	\$	119,600
Increased by:		
Added		
Interest Earnings		704
		<hr/>
		120,304
Decreased by:		
Withdrawn by Resolution		
		<hr/>
Ending Balance June 30, 2023	\$	<u>120,304</u>

NOTE 7. OPERATING LEASES

The School is a lessee for various copiers. The District recognizes a lease liability - finance purchase and a capital asset or recognizes a lease liability - right to use and an intangible right-to use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87 - Leases.

At the commencement of a lease, the School determines based on the criteria dictated in GASB Statement No. 87 - Leases, if the lease is a finance purchase or a right to use lease liability. Then the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight-line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the School capital assets as land, land improvements, buildings and improvements or furniture and equipment.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the School's capital assets in its own category called Right-to-Use Lease Assets.

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7. OPERATING LEASES (CONT'D)

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District is utilizing the treasury bill rate (corresponding to length of lease) in place at the date of implementation along with other risk factors to determine the discount interest rate for leases.

The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The District has determined all of their copier lease agreements qualify as right-to-use assets. As of June 30, 2023, total future minimum lease payments under right-to-use lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	12,983
2025	13,100
2026	13,100
2027	1,092
Total	<u>\$ 40,275</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance 7/1/2022	Additions	Adjustments/ Retired	Ending Balance 6/30/2023
Governmental Activities:				
Capital Assets That are Not Being Depreciated:				
Land	\$ -			\$ -
Total Capital Assets Not Being Depreciated				
Capital Assets being Depreciated and Amortized				
Building and Building Improvements	12,036,900	\$ 1,200,374		13,237,274
Machinery and Equipment	882,327	31,840	(36,761)	877,406
Right-to-Use Lease Assets	43,480			43,480
Totals at Historical Cost	12,962,707	1,232,214	(36,761)	14,158,160
Less Accumulated Depreciation and Amortization				
Building and Building Improvements	(5,832,687)	(271,729)		(6,104,416)
Machinery and Equipment	(544,104)	(74,135)	25,983	(592,256)
Right-to-Use Lease Assets	(30,798)	(10,870)		(41,668)
Total Accumulated Depreciation and Amortization	(6,407,589)	(356,734)	25,983	(6,738,340)
Total Capital Assets Being Depreciated and Amortized, Net of Accumulated Depreciation and Amortization	6,555,118	875,480	(10,778)	7,419,820
Government Activities Capital Assets, Net	\$ 6,555,118	\$ 875,480	\$ (10,778)	\$ 7,419,820
	To A-1			To A-1
Business-type Activities - Equipment	\$ 81,381			\$ 81,381
Less Accumulated Depreciation	(56,833)	(1,283)		(58,116)
Business-type Activities Capital Assets, Net	\$ 24,548	\$ (1,283)	\$ -	\$ 23,265
Depreciation expense was charged to governmental functions as follows:				
				\$ 356,734
				Unallocated

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2023, the following changes occurred in long-term obligations:

	<u>Beginning Balance 7/1/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/23</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds Payable	\$ 405,000	\$ 3,829,000	\$ 200,000	\$ 4,034,000	\$ 205,000	\$ 3,829,000
Total Loans Payable	405,000	405,000	200,000	4,034,000	205,000	3,829,000
Other Liabilities:						
Right-to-Use Lease Liability	13,427		11,295	2,132	2,132	
Unamortized Premium	12,744		7,116	5,628		5,628
Compensated Absences Payable	94,589	38,568		133,157		133,157
Net Pension Liability	882,836	232,256		1,115,092		1,115,092
Total Other Liabilities	\$ 1,408,596	\$ 675,824	\$ 218,411	\$ 5,290,009	\$ 207,132	\$ 5,082,877
					To A-1	
Business-Type Activities:						
Compensated Absences Payable	\$ 5,664	\$ 746		\$ 6,410		\$ 6,410

Bonds Payable - General obligation bonded debt

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, of which, the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years.

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

The final payment of \$205,000 on the Refunding Bonds Series of 2009 will be made in the 2024 school year.

In Addition, on June 22, 2023, the Board of Education issued Serial Bonds in the amount of \$3,829,000 for the purpose of financing various renovations, alterations, improvements, and upgrades at the Borough of Folsom Elementary School, with maturities as follows:

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9. GENERAL LONG-TERM DEBT (Continued)

Bonds Payable - General obligation bonded debt - Continued

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 129,000	\$ 202,584	\$ 331,583.61
2026	135,000	131,725	266,725.00
2027	140,000	127,600	267,600.00
2028	145,000	123,325	268,325.00
2029	150,000	118,900	268,900.00
2030	155,000	114,325	269,325.00
2031	165,000	109,525	274,525.00
2032	170,000	104,500	274,500.00
2033	180,000	99,250	279,250.00
2034	185,000	93,775	278,775.00
2035	195,000	87,100	282,100.00
2036	200,000	79,200	279,200.00
2037	210,000	71,000	281,000.00
2038	215,000	62,500	277,500.00
2039	225,000	53,700	278,700.00
2040	235,000	44,500	279,500.00
2041	245,000	34,900	279,900.00
2042	250,000	25,000	275,000.00
2043	250,000	15,000	265,000.00
2044	250,000	5,000	255,000.00
	<u>\$ 3,829,000</u>	<u>\$ 1,703,408.61</u>	<u>\$ 5,532,408.61</u>

B. Bonds Authorized But Not Issued - As of June 30, 2023, the District had no authorized but not issued bonds.

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

NOTE 10. PENSION PLANS

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

Public Employees' Retirement System

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

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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, 2021 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2023 were \$39,267. 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 2023 is 15.98% 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, 2023, and 2022, were \$93,178 and \$87,275 respectively.

The total payroll for the year ended June 30, 2023 was \$4,306,509. Payroll covered by PERS was \$523,559 for fiscal year 2023.

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2023, the District's proportionate share of the PERS net pension liability was \$1,115,092. The net pension liability was measured as of June 30, 2022. 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, 2022. The District's proportion measured as of June 30, 2022 was 0.007389% which was a decrease of 0.00006% from its proportion measured as of June 30, 2021.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2023 PERS pension expense, with respect to GASB 68, was \$(33,688). The District's 2023 deferred outflows of resources and deferred inflows of resources were from the following sources:

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,048	\$ 7,097
Changes of assumptions	3,455	166,973
Net difference between projected and actual earnings on pension plan investments	46,153	
Changes in proportion	101,853	63,630
Contributions subsequent to the measurement date	93,178	
Total	\$ 252,687	\$ 237,700

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
2023	\$	(42,977)
2024		(51,039)
2025		(24,617)
2026		40,895
2027		(453)
Thereafter		
Total	\$	(78,191)

Additional Information - Collective Balances at June 30, 2023 and 2022 are as follows:

Year		2023		2022
Collective deferred outflows of resources	\$	252,687	\$	282,093
Collective deferred inflows of resources	\$	237,700	\$	632,131
Collective Net Pension Liability	\$	1,115,092	\$	882,836
District's Proportion		0.007389%		0.007452%

Actuarial Assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Investment Rate of Return	7.00%
Salary Increases: (Based on Years of Service):	2.75 - 6.55%
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, 2023

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
Total	100.00%	

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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.

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, 2022, 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's Proportionate Share of the Net Pension Liability	\$ <u>1,444,699</u>	\$ <u>1,115,092</u>	\$ <u>852,064</u>

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. 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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

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.

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, 2021. 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 2022, 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, 2023 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$294,114 to the TPAF for pension contributions, \$1,119,592 for post-retirement benefits on behalf of the School, and \$731 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$227,311 during the year ended June 30, 2023 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, 2023, 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, 2023, the District recognized pension expense of \$363,551 and revenue of \$363,551 for support provided by the State.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF
Investment Rate of Return	7.00%
Salary Increases	
(Based on Years of Service):	2.75 - 5.65%
Inflation Rate - Price	2.75%
Inflation Rate - Wage	3.25%

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, 2022 are summarized in the following table:

	TPAF	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 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 in determining the total pension liability.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022, 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%)
State's Share of the Net Pension Liability associated with the District	\$ 15,864,228	\$ 13,508,499	\$ 11,563,731
State's Share of the Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

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 PERS 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, 2023, employee contributions totaled \$9,924 and the District's employer contribution, recognized in pension expense, was \$7,318. 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, 2023

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit State Retired Employees Plan:

State Health Benefit State Retired Employees Plan Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not prefund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

General Information about the OPEB Plan (Continued)

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.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2022, was \$50,646,462,966. Of this amount, the total OPEB liability attributable to the School District was \$14,820,817. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.02926%. The total OPEB liability for the School District measured as of June 30, 2022 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, 2022 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, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75% to 4.25% based on years of service	2.75% to 6.55% based on years of service	3.25% to 16.25% based on years of service

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Total Nonemployer OPEB Liability (Continued)

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate used to measure the total OPEB liability was 3.54%. 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, 2021 Measurement Date	\$ <u>60,007,650,971</u>
Changes for the year:	
Service Cost	2,770,618,025
Interest	1,342,187,139
Changes of Benefit Terms	0
Differences between Expected and Actual	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net Changes	<u>(9,361,188,004)</u>
Balance as of June 30, 2022 Measurement Date	\$ <u><u>50,646,462,967</u></u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

The following presents the total nonemployer OPEB liability as of June 30, 2022, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2022		
At 1.00% Decrease 2.54%	At Discount Rate 3.54%	At 1.00% Increase 4.54%
\$ 59,529,589,697	50,646,462,966	43,527,080,995

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, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2022		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 41,862,397,291	50,646,462,966	62,184,866,635

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$557,074. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,646,104	\$ (4,524,967)
Changes of Assumptions	2,565,108	(5,044,196)
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	732,776	(846,296)
Contributions Subsequent to the Measurement Date		
Total	\$ 5,943,988	\$ (10,415,459)

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Measurement Period Ending June 30,		OPEB
2023	\$	1,814,089
2024		1,814,089
2025		1,814,089
2026		1,912,034
2027		2,172,111
Thereafter		6,833,035
Total	\$	16,359,447

NOTE 12. COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the School 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, 2023, a liability existed for compensated absences in the General Fund of \$133,157 and \$6,410 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:

AXA Advisors, LLC, Vanguard Investments, National Life Group, Siracusa Benefits Program and Lincoln Investment Planning.

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 Annual Comprehensive Financial Report.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14. RISK MANAGEMENT (Continued)

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 Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$	\$ 16,439	\$ 24,656	\$ 16,479
2021-2022		25,659	15,170	24,696
2020-2021		17,462	13,869	14,207

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 889,197	\$
Special Revenue Fund		879,318
Community Program		375
Food Service Fund		9,504
Total	\$ <u>889,197</u>	\$ <u>889,197</u>

NOTE 16. FUND BALANCE APPROPRIATED

General Fund- Of the \$2,581,909 General Fund balance at June 30, 2023, \$1,505,693 was restricted as excess surplus at June 30, 2023 in accordance with N.J.S.A. 18A:7F-7;(\$688,230 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$25,620 is Assigned for Encumbrances payable, \$687,060 is restricted for Capital Reserve Fund, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$120,304 is restricted for Emergency Reserve Fund, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$16,479 is reserved for Unemployment Compensation; \$217,570 is restricted for Maintenance Reserve, of which none has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$174,059 has been appropriated and included as anticipated revenue for the year ending June 30, 2024 and (\$164,876) is unreserved and undesignated.

Debt Service Fund - The Debt Service fund had fund balance of \$8,100 at June 30, 2023.

BOROUGH OF FOLSOM SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus fund balance at June 30, 2023 is \$1,505,693, of which \$688,230 must be appropriated in the 2023-2024 budget and \$817,463 must be budgeted in the 2024-2025 budget.

NOTE 18. LITIGATION

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

NOTE 19. DEFICIT FUND BALANCES

There is a deficit in fund balance in the General Fund, as of June 30, 2023 of (\$164,876) and an unassigned deficit of (\$23,016) 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 \$164,876 is less than the 19th and 20th payments received in July 2023 and the \$23,016 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, 2023

NOTE 21. ACCOUNTS RECEIVABLE

Receivables at June 30, 2023 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	Capital Projects Fund	Proprietary Funds	Total
State	\$ 135,866	\$ 1,181,872	\$	\$ 174	1,317,912
Federal		224,798		4,287	229,085
Bond Proceeds			3,752,420		3,752,420
Other	3,398			5,942	9,340
Totals	\$ 139,264	\$ 1,406,670	\$ 3,752,420	\$ 10,403	5,308,757

NOTE 22. SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report of November 22, 2023, 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, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,852,969	\$	\$ 1,852,969	\$ 1,852,969	\$
Interest on Investments				13,634	13,634
Interest on Investments-Capital Reserve	1,000		1,000	1,128	128
Interest on Investments-Emergency Res	240		240	704	464
Interest on Investments-Maintenance Reserve	400		400	1,271	871
Miscellaneous	2,000		2,000	19,126	17,126
Total - Local Sources	1,856,609		1,856,609	1,888,832	32,223
State Sources:					
Equalization Aid	4,009,169		4,009,169	4,009,169	
Special Education Categorical Aid	363,041		363,041	363,041	
Security Aid	79,030		79,030	79,030	
Categorical Transportation Aid	181,520		181,520	181,520	
School Choice Aid	1,096,992		1,096,992	1,096,992	
Extraordinary Aid				110,861	110,861
Supplemental Stabilization Aid				59,834	59,834
Non-public Transportation Aid				936	936
On-behalf TPAF Post - Retire Medical (non-budgeted)				294,114	294,114
On-behalf TPAF Pension Contributions (non-budgeted)				1,119,592	1,119,592
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				731	731
Reimbursement TPAF Social Security Contributions (non-budgeted)				227,311	227,311
Total - State Sources	5,729,752		5,729,752	7,543,131	1,813,379
Federal Sources:					
Other Restricted Grants in Aid from Federal through State					
Total - Federal Sources					
TOTAL REVENUES	\$ 7,586,361	\$	\$ 7,586,361	\$ 9,431,963	\$ 1,845,602
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Kindergarten	\$ 263,757	\$ (12,110)	\$ 251,647	\$ 241,632	\$ 10,015
Grades 1-5	854,069	57,940	912,009	911,977	32
Grades 6-8	650,238	5,200	655,438	637,269	18,169
Home Instruction:					
Salaries of Teachers	5,000		5,000	1,058	3,942
Undistributed Instruction - Regular					
Other Salaries for Instruction	24,163		24,163	1,789	22,374
Purchased Technical Services	6,995	2,000	8,995	7,988	1,007
Other Purchased Services	105,500	(15,143)	90,357	74,647	15,710
General Supplies	60,968	4,534	65,502	55,205	10,297
Textbooks	36,000		36,000	33,326	2,674
Total Regular Programs	2,006,690	42,421	2,049,111	1,964,891	84,220

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Special Education:					
Resource Room:					
Salaries of Teachers	\$ 647,342	\$ 1,500	\$ 648,842	\$ 643,838	\$ 5,004
Total Resource Room	647,342	1,500	648,842	643,838	5,004
TOTAL SPECIAL EDUCATION	647,342	1,500	648,842	643,838	5,004
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	119,938	16,665	136,603	136,598	5
Total Basic Skills/Remedial - Instruction	119,938	16,665	136,603	136,598	5
School - Sponsored Co curricular Activities - Instruction:					
Salaries	21,818	3,150	24,968	24,968	
Other Objects	7,000	(3,150)	3,850		3,850
Total School - Sponsored Co curricular Activities - Instruction	28,818		28,818	24,968	3,850
School - Sponsored Athletics - Instruction:					
Salaries	19,569		19,569	11,872	7,697
Purchased Services	3,000		3,000	2,578	422
Other Objects	2,000		2,000	1,280	720
Total School - Sponsored Athletics - Instruction	24,569		24,569	15,730	8,839
Total Instruction	2,827,357	60,586	2,887,943	2,786,025	101,918
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's within State-Regular	299,294		299,294	299,294	
Tuition - Other LEA's within State-Special	136,128	(25,000)	111,128	81,379	29,749
Tuition - County Voc School Districts-Regular	128,776		128,776	128,776	
Tuition - CSSD & Regional Day Schools	134,154	(300)	133,854	131,854	2,000
Tuition - Private Schools for Disabled within State	451,277	62,586	513,863	463,480	50,383
Tuition - Other	20,000	(20,000)			
Total Undistributed Expenditures - Instruction	1,169,629	17,286	1,186,915	1,104,783	82,132
Attendance and Social Work Services					
Salaries					
Purchased Professional and Technical Services					
Total Attendance and Social Work Services					
Health Services:					
Salaries	69,547	(3,000)	66,547	62,006	4,541
Purchased Professional and Technical Services	5,000		5,000	4,190	810
Other Purchased Services	2,000	(1,195)	805	305	500
Supplies and Materials	5,000	195	5,195	5,062	133
Total Health Services	81,547	(4,000)	77,547	71,563	5,984

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: CURRENT EXPENSES (Continued)					
Undistributed Expenditures: (Continued)					
Speech, OT, PT & Related Services					
Salaries	\$ 62,972		\$ 62,972	\$ 40,980	\$ 21,992
Purchased Professional- Educational Services	50,000	47,000	97,000	76,189	20,811
Supplies and Materials	1,000		1,000	124	876
Total Undist. Expend. - Speech, OT, PT & Related Services	113,972	47,000	160,972	117,293	43,679
Other Support Services STD - Extra Services					
Salaries	53,964		53,964	52,166	1,798
Total Undist. Expend. - Other Supp. Serv. STD - Extra. Services	53,964		53,964	52,166	1,798
Guidance:					
Salaries of Other Professional Staff	64,311	(2,000)	62,311	53,616	8,695
Total Guidance	64,311	(2,000)	62,311	53,616	8,695
Child Study Team:					
Salaries of Other Professional Staff	196,136	(2,000)	194,136	180,210	13,926
Salaries of Secretarial and Clerical Assistants	39,709		39,709	38,075	1,634
Other Purchased Professional & Technical Services	25,000	780	25,780	17,396	8,384
Misc Purchased Services	800	-	800	260	540
Supplies and Materials	5,000	(2,030)	2,970	2,766	204
Total Child Study Team	266,645	(3,250)	263,395	238,707	24,688
Improvement of Instruction Services/Other Support:					
Salaries of Superv of Instr.	104,882		104,882	102,694	2,188
Other Purchased Services	1,000		1,000	487	513
Total Improvement of Instruction Services/Other Support	105,882		105,882	103,181	2,701
Educational Media Services - School Library					
Salaries	82,388		82,388	79,410	2,978
Salaries of Technology Coordinators	84,154	820	84,974	84,971	3
Supplies and Materials	1,000	(820)	180	0	180
Total Educational Media Services - School Library:	167,542		167,542	164,381	3,161
Instructional Staff Training Services:					
Other Purchased Services	6,000		6,000	1,091	4,909
Total Instructional Staff Training Services	6,000		6,000	1,091	4,909

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Salaries	\$ 77,692	\$ 9,000	\$ 86,692	\$ 83,446	\$ 3,246
Legal Services	30,000	7,928	37,928	28,732	9,196
Audit Fees	12,000		12,000	11,920	80
Architectural/Engineering Services	10,000	(9,000)	1,000	1,000	
Other Purchased Professional Services	4,000		4,000	3,600	400
Communications - Telephone	12,000	1,460	13,460	5,794	7,666
Travel		15,000	15,000	284	14,716
Other Purchased Services	30,000	(15,000)	15,000	11,244	3,756
General Supplies	1,000		1,000	948	52
BOE In-House Training/Meeting Supplies	500		500		500
Miscellaneous Expenditures	5,000	18,500	23,500	283	23,217
BOE Membership Dues and Fees	3,500		3,500	3,430	70
Total Support Services General Administration	185,692	27,888	213,580	150,681	62,899
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	68,988	(145)	68,843	49,844	18,999
Salaries of Secretarial and Clerical Assistants	71,068	145	71,213	71,209	4
Purchased Prof & Tech Services	5,000		5,000	1,803	3,197
Other Purchased Services	5,000		5,000	4,789	211
Supplies and Materials	10,000		10,000	9,647	353
Other Objects	7,000	16,600	23,600	6,867	16,733
Total Support Services School Administration	167,056	16,600	183,656	144,159	39,497
Central Services:					
Salaries	157,641	2,150	159,791	159,468	323
Purchased Professional Services	10,000	(2,150)	7,850	6,665	1,185
Purchased Technical Services	30,000		30,000	29,466	534
Misc Purchased Services	4,000		4,000	2,460	1,540
Supplies and Materials	4,000		4,000	3,407	593
Other Objects		20,500	20,500		20,500
Total Central Services	205,641	20,500	226,141	201,466	24,675
Required Maintenance for School Facilities:					
Salaries	79,681		79,681	72,732	6,949
Cleaning, Repair and Maintenance Services	85,000	(5,800)	79,200	52,664	26,536
Travel		500	500	308	192
General Supplies	5,000	12,000	17,000	6,584	10,416
Other Objects	500	(500)			
Total Required Maintenance for School Facilities	170,181	6,200	176,381	132,288	44,093

**BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	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	\$ 117,963	\$ (3,890)	\$ 114,073	\$ 112,960	\$ 1,113
Salaries of Non-Instructional Aids	26,004	5,200	31,204	31,198	6
Cleaning, Repair and Maintenance Services	10,000		10,000	9,838	162
Insurance	6,000		6,000	5,323	677
General Supplies	20,000	(1,310)	18,690	15,127	3,563
Energy (Natural Gas)	15,000	3,335	18,335	14,400	3,935
Energy (Electricity)	125,000	(2,735)	122,265	121,178	1,087
Total Other Operation and Maintenance of Plant Services	319,967	600	320,567	310,024	10,543
Care and Upkeep of Grounds:					
Cleaning, Repair, & Maintenance	25,000	(14,254)	10,746	8,446	2,300
Total Care and Upkeep of Grounds	25,000	(14,254)	10,746	8,446	2,300
Security:					
Purchased Professional & Technical Services	60,000	(4,874)	55,126	51,053	4,073
Total Security	60,000	(4,874)	55,126	51,053	4,073
Total Operation and Maintenance of Plant Services	575,148	(12,328)	562,820	501,811	61,009
Student Transportation Services:					
Salaries for Pupil Trans (Between Home and School) - Reg.	10,880		10,880	9,155	1,725
Other Purchased Professional and Technical Services	5,000	2,000	7,000	6,100	900
Contracted Services (Between Home and School) - Vendors	240,000	(235,000)	5,000	3,066	1,934
Contracted Services (Other than Betw. Home and Sch) - Vendors	25,000	258,000	283,000	278,941	4,059
Contracted Services (Home/School) - Joint Agreements	30,000	(5,000)	25,000	14,720	10,280
Contracted Services (Sp Ed) - Joint Agreements	340,000	(338,000)	2,000	1,040	960
Contract Svc (Sp Ed) Vendors		2,000	2,000	1,666	334
Contracted Services (Regular Students) - ESCs	10,000	321,399	331,399	298,802	32,597
Contracted Services - Aid in Lieu of Payments - Non Pub Sch	5,000	5,000	10,000	9,073	927
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)			
Total Student Transportation Services	667,880	8,399	676,279	622,563	53,716
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	1,783	1,217
Social Security Contributions	85,000		85,000	80,137	4,863
Other Retirement Contributions - PERS	95,000		95,000	93,178	1,822
Unemployment Compensation	10,000		10,000	8,216	1,784
Workmen's Compensation	20,000		20,000	10,168	9,832
Health Benefits	1,274,578	(84,194)	1,190,384	970,937	219,447
Tuition Reimbursement	25,000		25,000	3,036	21,964
Other Employee Benefits	35,000		35,000	34,725	275
Unused Sick Payments to Terminated/Retired Staff	20,000		20,000		20,000
Total Unallocated Benefits/Total Personal Services - Employee Benefits	1,567,578	(84,194)	1,483,384	1,202,180	281,204
Total Personal Services - Employee Benefits	1,570,578	(87,194)	1,483,384	1,202,180	281,204

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	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)	\$	\$	\$	\$ 294,114	\$ (294,114)
On-behalf TPAF Pension Contributions (Non-budgeted)				1,119,592	(1,119,592)
On-behalf TPAF Long-term Disability Contributions (Non-budgeted)				731	(731)
Reimbursement TPAF Social Security Contrib. (Non-budgeted)				227,311	(227,311)
Total Undistributed Expenditures	5,401,487	28,901	5,430,388	6,371,389	(941,001)
Interest Earned on Maintenance Reserve	400		400		400
Interest Earned on Current Expense Emergency Res	240		240		240
Increase in Current Expense Emergency Reserve					
Total Interest Earned	640		640		640
TOTAL EXPENDITURES - CURRENT EXPENSE	8,229,484	89,487	8,318,971	9,157,414	(838,443)
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment:					
Security		4,874	4,874	4,874	
Administration		11,079	11,079	11,079	
Total Equipment		15,953	15,953	15,953	
Facilities Acquisition and Construction Services:					
Buildings		12,022	12,022	10,581	1,441
Assmt for Debt Service on SDA Funding	44,325		44,325	44,325	
Total Facilities Acquisition & Construction Services:	44,325	12,022	56,347	54,906	1,441
Capital Outlay:					
Interest Deposit in Capital Reserve	1,000		1,000		1,000
TOTAL CAPITAL OUTLAY	45,325	27,975	73,300	70,859	2,441
TOTAL EXPENDITURES	8,274,809	117,462	8,392,271	9,228,273	(836,002)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(688,448)	(117,462)	(805,910)	203,690	1,009,600
Other Financing Sources (Uses):					
Transfer to Preschool Program - Regular	(52,623)		(52,623)		52,623
Transfer to Preschool Program - Inclusion	(40,263)		(40,263)		40,263
Total Other Financing Sources (Uses)	(92,886)		(92,886)		92,886
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses					
	(781,334)	(117,462)	(898,796)	203,690	1,102,486
Fund Balances, July 1	2,964,726		2,964,726	2,964,726	
Fund Balances, June 30	\$ 2,183,392	\$ (117,462)	\$ 2,065,930	\$ 3,168,416	\$ 1,102,486

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>RECAPITULATION:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 687,060	
Maintenance Reserve				217,570	
Emergency Reserve				120,304	
Excess Surplus					
Current Year				817,463	
Designated for Subsequent Year's Expenditures				688,230	
Unemployment Compensation				16,479	
Assigned to:					
Encumbrances Designated for Subsequent Year's Expenditures				25,620	
Designated for Subsequent Year's Expenditures				174,059	
Unassigned					
				421,631	
TOTAL				3,168,416	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(586,507)	
TOTAL				\$ 2,581,909	

BOROUGH OF FOLSOM SCHOOL DISTRICT
BUDGET COMPARISON SCHEDULE - SPECIAL REVENUE FUND
AS OF JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 3,683,221	\$ (2,544,936)	\$ 1,138,285	\$ 689,879	\$ 448,406
State Sources	143,484	2,654,552	2,798,036	1,457,044	1,340,992
Local Sources	15,000	(15,000)		40,580	(40,580)
Total Revenues	3,841,705	94,616	3,936,321	2,187,503	1,748,818
EXPENDITURES:					
Instruction					
Salaries of Teachers	142,999	121,390	264,389	160,049	104,340
Salaries - Other Instruction	64,706	(44,674)	20,032	20,032	
Tuition	81,956	15,722	97,678	97,678	
Purchased Professional Educational Services	6,000	51,000	57,000	34,200	
Other Purchased Services	30,200	3,896	34,096	34,096	
Supplies and Materials	64,218	13,759	77,977	73,586	4,391
Other Objects	700		700	662	38
Total Instruction	390,779	161,093	551,872	420,303	108,769
Support Services					
Salaries	5,000	31,940	36,940	13,259	23,681
Salaries - Program Director		9,998	9,998	9,998	
Salaries - Other Professional Staff		19,310	19,310	19,310	
Salaries - Clerical		2,196	2,196	2,196	
Other Salaries		14,526	14,526	14,526	
Benefits	12,422	(12,422)			
Purchased Professional Educational Services	119,212	(50,060)	69,152	34,959	34,193
Cleaning and Maintenance	8,643		8,643	8,643	
Other Purchased Services	2,700	(2,200)	500	381	119
Transportation - Field Trips		381	381	381	
Other Objects		40,577	40,577		40,577
Student Activities	15,000	(15,000)		42,535	(42,535)
Total Support Services	162,977	39,246	202,223	146,188	56,035
Facilities and Acquisition Costs					
Building	3,287,949	(105,723)	3,182,226	1,622,967	1,559,259
Total Facilities and Acquisition Costs	3,287,949	(105,723)	3,182,226	1,622,967	1,559,259
Total Expenditures	3,841,705	94,616	3,936,321	2,189,458	1,746,863
Other Financing Sources (Uses)					
Transfer from General Fund					
Total Other Financing Sources					
Excess (Deficiency) of Revenues Over (Under)				(1,955)	(1,955)
Fund Balance, July 1				35,563	
Fund Balance, June 30				\$ 33,608	
Recapitulation:					
Restricted:					
Student Activities				\$ 33,608	
Total Fund Balance				\$ 33,608	

**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, 2023

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	[C-1] \$	9,431,963	[E-1] \$	2,187,503
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Current Year				(525,199)
Prior Year				22,732
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		585,239		3,862
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(586,507)		(23,016)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>9,430,695</u>	[B-2] \$	<u>1,665,882</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	9,228,273	[E-1] \$	2,189,458
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.				
Current Year				(525,199)
Prior Year				22,732
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>9,228,273</u>	[B-2] \$	<u>1,686,991</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.007389%	0.007452%	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	\$ 1,115,092	\$ 882,836	\$ 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	\$ 523,559	\$ 516,910	\$ 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	212.98%	170.79%	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	62.91%	70.33%	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*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 93,178	\$ 87,275	\$ 77,172	\$ 74,760	\$ 70,156	\$ 60,785	\$ 51,618	\$ 50,005	\$ 54,334	\$ 48,252
Contributions in relation to the Contractually Required Contribution	(93,178)	(87,275)	(77,172)	(74,760)	(70,156)	(60,785)	(51,618)	(50,005)	(54,334)	(48,252)
Contribution Deficiency (Excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
District's Covered-Employee Payroll	\$ 523,559	\$ 516,910	\$ 541,766	\$ 540,852	\$ 509,425	\$ 534,355	\$ 920,342	\$ 816,195	\$ 679,954	\$ 843,874
Contributions as a Percentage of Covered-Employee Payroll	17.80%	16.88%	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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.026182%	0.027037%	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 \$	13,508,499	12,998,289	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 \$	3,137,920	3,126,305	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	430.49%	415.77%	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	32.29%	35.52%	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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service Cost	\$	\$ 1,059,552	\$ 598,559	\$ 553,948	\$ 628,702	\$ 762,288
Interest Cost		466,139	434,758	549,594	579,291	501,595
Changes of Benefit Terms		(19,126)				
Differences Between Expected and Actual Experiences		(3,109,409)	3,585,828	(2,759,782)	(1,169,865)	
Changes of Assumptions		17,728	3,636,791	178,768	(1,586,411)	(2,195,242)
Member Contributions		11,917	10,506	10,910	12,776	13,415
Gross Benefit Payments		(367,187)	(346,609)	(368,049)	(369,659)	(364,328)
Net Change in Total OPEB Liability	-	(1,940,386)	7,919,833	(1,834,611)	(1,905,166)	(1,282,272)
Total OPEB Liability - Beginning	17,969,164	19,909,550	11,989,716	13,824,327	15,729,493	17,011,765
Total OPEB Liability - Ending	\$ 17,969,164	\$ 17,969,164	\$ 19,909,550	\$ 11,989,716	\$ 13,824,327	\$ 15,729,493
Covered-Employee Payroll	\$ 3,661,479	\$ 3,643,215	\$ 3,588,219	\$ 3,588,219	\$ 3,382,570	\$ 2,842,403
Total OPEB Liability as a Percentage of Covered-Employee Payroll	490.76%	493.22%	554.86%	334.14%	408.69%	553.39%

Notes to Schedule:

Changes of Benefit Terms: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Differences Between Expected and Actual Experiences: The decrease in liability from June 30, 2020 to June 30, 2021 is due to changes in the census.

Changes in Assumptions: The increase in the liability from June 30, 2020 to June 30, 2021 is due to the combined effect of Trend Updates, Mortality Projection Scale Updates, Discount Rate Changes, and Salary Scale changes.

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, 2023

	<u>Federal</u>	<u>State</u>	<u>Local Student Activity</u>	<u>Total</u>
REVENUES:				
State Sources	\$	\$ 1,457,044		\$ 1,457,044
Federal Sources	689,879			689,879
Local Sources			\$ 40,580	40,580
Total Revenues	<u>689,879</u>	<u>1,457,044</u>	<u>40,580</u>	<u>2,187,503</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	36,001	124,048		160,049
Salaries - Other Professional Staff	912	19,120		20,032
Tuition	97,678			97,678
Purchased Professional Educational Services	34,200			34,200
Other Purchased Services	34,096			34,096
Supplies and Materials	68,131	5,455		73,586
Other Objects		662		662
Total Instruction	<u>271,018</u>	<u>149,285</u>		<u>420,303</u>
Support Services:				
Salaries	13,259			13,259
Salaries - Program Director		9,998		9,998
Salaries - Other Professional Staff		19,310		19,310
Salaries - Clerical		2,196		2,196
Other Salaries		14,526		14,526
Purchased Professional Educational Services	34,959			34,959
Cleaning and Maintenance	8,643			8,643
Other Purchased Services		381		381
Transportation - Field Trips		381		381
Other Objects			42,535	42,535
Total Support Services	<u>56,861</u>	<u>46,792</u>	<u>42,535</u>	<u>146,188</u>
Facilities Acquisition/ConstructionInstruction:				
Non-instructional Equipment	1,622,967			1,622,967
Total Expenditures	<u>1,950,846</u>	<u>196,077</u>	<u>42,535</u>	<u>2,189,458</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures		1,260,967	(1,955)	1,259,012
Transfer from General fund				
Fund Balance, July 1			35,563	35,563
Fund Balance , June 30	\$	\$	\$ 33,608	\$ 33,608

BOROUGH OF FOLSOM SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 124,048	\$ 124,048	\$
Other Salaries for Instruction	19,120	19,120	
Total Instruction	143,168	143,168	
Support:			
Salaries - Program Director	9,998	9,998	
Salaries - Other Professionals	19,310	19,310	
Salaries - Clerical	2,196	2,196	
Other Salaries	14,526	14,526	
Transportation - Field Trips	381	381	
Other Objects	40,577		
Total Support Services	86,988	46,411	
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non-instructional Equipment			
Total Facilities Acquisition and Const. Services:			
Total Expenditures	\$ 230,156	\$ 189,579	\$

CALCULATION OF BUDGET & CARRYOVER

Total revised 2022-2023 Preschool Education Aid Allocation	\$ 230,156	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2022)		(2)
Add: Budgeted Transfer from the General Fund 2022-2023		(3)
Total Preschool Education Aid Funds Available for 2022-2023 Budget	230,156	(4)
Less: 2022-2023 Budgeted Preschool Education Aid (including prior year budget carryover)	(230,156)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	\$ -	(6)
Add: June 30, 2023 Unexpended Preschool Education Aid		(7)
Less: 2022-2023 Commissioner-approved Transfer to the General Fund		(8)
2022-2023 Carryover - Preschool Education Aid/Preschool Programs		(9)
022-2023 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2023-2024	\$	(10)

CAPITAL PROJECTS FUND DETAIL STATEMENT

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

BOROUGH OF FOLSOM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Encumbered</u>	<u>Unexpended Balance June 30, 2022</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Various Capital Improvements	12/13/22	\$ 3,829,000	\$	\$ 105,081	\$	\$ 3,723,919
		\$ 3,829,000	\$	\$ 105,081	\$	\$ 3,723,919
				\$ 103,331	Encumbered	\$ 219,419
				1,750	Fund Balance	3,504,500
				\$ 105,081		\$ 3,723,919

BOROUGH OF FOLSOM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenues and Other Financing
Sources

Proceeds from Serial Bonds	\$ 3,829,000
Total Revenues	<u>3,829,000</u>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	
Cancellation of Prior Year Expenditures	
Construction Services	105,081
Total Expenditures	<u>105,081</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures 3,723,919

Fund Balance - Beginning

Fund Balance - Ending \$ 3,723,919

BOROUGH OF FOLSOM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES
VARIOUS CAPITAL IMPROVEMENTS
PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Proceeds from Serial Bonds	\$	\$ 3,829,000	\$ 3,829,000	\$ 3,829,000
Transfer from Capital Reserve Funds				
Total Revenues		3,829,000	3,829,000	3,829,000
Expenditures and Other Financing Uses				
Architectural Costs				
Construction Services		324,500	324,500	3,829,000
Total Expenditures		324,500	324,500	3,829,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ 3,504,500	\$ 3,504,500	\$

Additional Project Information:

Total Projected Cost	\$3,829,000
Percentage Completion	5%
Original Target Completion Date	9/1/2023
Revised Target Completion Date	

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, 2023 AND 2022

	<u>Community</u>	<u>Food Service</u>	<u>Totals</u>	
	<u>Program</u>	<u>Enterprise</u>	<u>2023</u>	<u>2022</u>
		<u>Fund</u>		
ASSETS:				
Current Assets:				
Cash	\$ 72,955	\$ 185,136	\$ 258,091	\$ 191,469
Accounts Receivable:				
State		174	174	216
Federal		4,287	4,287	24,705
Other	5,942		5,942	3,592
Inventory		5,576	5,576	4,093
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	78,897	195,173	274,070	224,075
Fixed Assets:				
Equipment		81,381	81,381	81,381
Accumulated Depreciation		(58,116)	(58,116)	(56,833)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fixed Assets		23,265	23,265	24,548
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 78,897	\$ 218,438	\$ 297,335	\$ 248,623
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND EQUITY:				
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$	\$ 28,772	\$ 28,772	\$ 10,637
Interfunds Payable	375	9,504	9,879	10,677
Unearned Revenue	5,608	5,536	11,144	9,315
Compensated Absences		6,410	6,410	5,664
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	5,983	50,222	56,205	36,293
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	5,983	50,222	56,205	36,293
	<hr/>	<hr/>	<hr/>	<hr/>
Net Position:				
Investment in Fixed Assets		23,265	23,265	24,548
Net Position	72,914	144,951	217,865	187,782
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Position	72,914	168,216	241,130	212,330
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	\$ 78,897	\$ 218,438	\$ 297,335	\$ 248,623
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2023 AND 2022

	Community	Food Service	Totals	
	Program	Enterprise Fund	2023	2022
OPERATING REVENUES:				
Local Sources:				
Daily Sales				
Reimbursable Programs	\$	\$ 96,015	\$ 96,015	\$
Non-Reimbursable Sales		163	163	24,348
Program Fees	90,340		90,340	58,721
Total Operating Revenue	90,340	96,178	186,518	83,069
OPERATING EXPENSES:				
Cost of Sales - Reimbursable		74,090	74,090	110,933
Cost of Sales - Non Reimbursable		3,978	3,978	5,139
Salaries	39,897	75,000	114,897	122,603
Employee Benefits		30,746	30,746	24,290
Other Purchased Service		64	64	
General Supplies	851	2,593	3,444	6,916
Depreciation		1,283	1,283	1,491
Other	825	42,919	43,744	42,454
Total Operating Expenses	41,573	230,673	272,246	313,826
Operating (Loss) Income	48,767	(134,495)	(85,728)	(230,757)
Non-Operating Revenues:				
Local Sources:				
Plumbing Fixture & Appliance Program				10,391
State Sources:				
State School Lunch Program		3,746	3,746	5,083
State School Breakfast Program		633	633	
Federal Sources:				
National School Lunch Program		58,632	58,632	215,349
National School Breakfast Program		19,167	19,167	80,553
Food Distribution Program		11,028	11,028	12,542
P-EBT Administrative Cost		653	653	1,242
Supply Chain Assistance		19,617	19,617	12,314
Emerg. Operational Cost Prog-Schs				7,057
Interest	61	991	1,052	258
Total Non-Operating Revenues	61	114,467	114,528	344,789
Net (Loss) Income before Operating Transfers	48,828	(20,028)	28,800	114,032
Operating Transfer In - General Fund				
Net (Loss) Income	48,828	(20,028)	28,800	114,032
Net Position - July 1	24,086	188,244	212,330	98,298
Net Position - June 30	\$ 72,914	\$ 168,216	\$ 241,130	\$ 212,330

BOROUGH OF FOLSOM SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2023 AND 2022

	Community Program	Food Service Enterprise Fund	Totals	
			2023	2022
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 90,340	\$ 96,178	\$ 186,518	\$ 83,069
Payments to Employees	(39,897)	(105,000)	(144,897)	(147,896)
Payments to Suppliers	(5,223)	(84,304)	(89,527)	(160,598)
Net Cash Used by Operating Activities	45,220	(93,126)	(47,906)	(225,425)
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund				
Cash Received from State and Federal Reimbursements		113,476	113,476	344,531
Net Cash Provided by Noncapital Financing Activities		113,476	113,476	344,531
Cash Flows from Capital Financing Activities				
Purchase of Fixed Assets				(17,971)
Net Cash Provided by (Used for) Capital Financing Activities				(17,971)
Net Increase/(Decrease) in Cash	45,220	20,350	65,570	119,106
Interest on Investments	61	991	1,052	258
Net Cash Provided by Investing Activities	61	991	1,052	258
Net Increase/(Decrease) in Cash	45,281	21,341	66,622	101,393
Cash and Cash Equivalents, July 1	27,674	163,795	191,469	90,076
Cash and Cash Equivalents, June 30	\$ 72,955	\$ 185,136	\$ 258,091	\$ 191,469
Operating Income (Loss)	\$ 48,767	\$ (134,495)	\$ (85,728)	\$ (230,757)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation		1,283	1,283	1,491
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	(2,601)	20,711	18,110	(2,562)
Decrease/(Increase) in Inventory		(1,483)	(1,483)	1,197
Decrease/(Increase) in Other Current Assets				
(Decrease)/Increase in Accounts Payable		18,135	18,135	3,862
(Decrease)/Increase in Interfund Payable	(803)	5	(798)	1,019
(Decrease)/Increase in Deferred Revenue	(143)	1,972	1,829	1,328
(Decrease)/Increase in Compensated Absences		746	746	(1,003)
Net Cash Used by Operating Activities	\$ 45,220	\$ (93,126)	\$ (47,906)	\$ (225,425)

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, 2023

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
Refunding Bonds	4/15/14	\$ 2,016,000	4/15/24	\$ 205,000	4.00%	\$ 405,000	\$	\$ 200,000	\$ 205,000
Series 2023 - Various Capital Improvements	12/13/22	3,829,000	7/15/24	\$ 129,000			3,829,000		3,829,000
			7/15/25	135,000					
			7/15/26	140,000					
			7/15/27	145,000					
			7/15/28	150,000					
			7/15/29	155,000					
			7/15/30	165,000					
			7/15/31	170,000					
			7/15/32	180,000					
			7/15/33	185,000					
			7/15/34	195,000					
			7/15/35	200,000					
			7/15/36	210,000					
			7/15/37	215,000					
			7/15/38	225,000					
			7/15/39	235,000					
			7/15/40	245,000					
			7/15/41-43	250,000					
						\$ 405,000	\$ 3,829,000	\$ 200,000	\$ 4,034,000

FOLSOM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<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	\$ 224,300	\$	\$ 224,300	\$ 224,300	\$
Total Revenues	<u>224,300</u>		<u>224,300</u>	<u>224,300</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	16,200		16,200	16,200	
Redemption of Principal	208,100		208,100	200,000	8,100
Total Expenditures	<u>224,300</u>		<u>224,300</u>	<u>216,200</u>	<u>8,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				8,100	8,100
Other Financing Sources:					
Operating Transfers In:					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures				8,100	8,100
Fund Balance, July 1					
Fund Balance, June 30	\$	\$	\$	\$ 8,100	\$ 8,100
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Undesignated Fund Balance	\$	\$	\$	\$ 8,100	\$ 8,100

STATISTICAL SECTION

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 6,100,073	\$ 6,256,419	\$ 6,307,354	\$ 6,461,017	\$ 6,592,561	\$ 6,386,455	\$ 6,385,622	\$ 6,245,067	\$ 6,136,691	\$ 3,383,688
Restricted	3,312,451	2,908,823	3,151,649	3,275,036	2,727,190	2,128,563	2,022,285	2,219,791	2,548,654	6,259,273
Unrestricted (Deficit)	(392,690)	(1,335,935)	(1,657,047)	(1,796,735)	(1,700,087)	(1,634,966)	(1,737,904)	(1,592,685)	(1,481,048)	(1,178,149)
Total Governmental Activities Net Position	<u>\$ 9,019,834</u>	<u>\$ 7,829,307</u>	<u>\$ 7,801,956</u>	<u>\$ 7,939,318</u>	<u>\$ 7,619,664</u>	<u>\$ 6,880,052</u>	<u>\$ 6,670,003</u>	<u>\$ 6,872,173</u>	<u>\$ 7,204,297</u>	<u>\$ 8,464,812</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 105,675	\$ 102,735	\$ 99,456	\$ 96,346	\$ 85,654	\$ 75,225	\$ 62,056	\$ 8,068	\$ 24,548	\$ 23,265
Unrestricted	62,243	54,159	54,335	65,747	68,361	42,214	22,138	90,230	187,782	217,865
Total Business-Type Activities Net Position	<u>\$ 167,918</u>	<u>\$ 156,894</u>	<u>\$ 153,791</u>	<u>\$ 162,093</u>	<u>\$ 154,015</u>	<u>\$ 117,439</u>	<u>\$ 84,194</u>	<u>\$ 98,298</u>	<u>\$ 212,330</u>	<u>\$ 241,130</u>
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 6,205,748	\$ 6,359,154	\$ 6,406,810	\$ 6,557,363	\$ 6,678,215	\$ 6,461,680	\$ 6,447,678	\$ 6,253,135	\$ 6,161,239	\$ 3,406,953
Restricted	3,312,451	2,908,823	3,151,649	3,275,036	2,727,190	2,128,563	2,022,285	2,219,791	2,548,654	6,259,273
Unrestricted (Deficit)	(330,447)	(1,281,776)	(1,602,712)	(1,730,988)	(1,631,726)	(1,592,752)	(1,715,766)	(1,502,455)	(1,293,266)	(960,284)
Total District-Wide Net Position	<u>\$ 9,187,752</u>	<u>\$ 7,986,201</u>	<u>\$ 7,955,747</u>	<u>\$ 8,101,411</u>	<u>\$ 7,773,679</u>	<u>\$ 6,997,491</u>	<u>\$ 6,754,197</u>	<u>\$ 6,970,471</u>	<u>\$ 7,416,627</u>	<u>\$ 8,705,942</u>

Source: ACFR 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,697,071	3,192,428	3,430,488	3,977,265	3,333,007	3,577,171	3,382,241	3,719,602	3,421,361	3,113,609
Special Education	574,286	699,065	816,046	1,046,806	1,115,804	1,091,265	945,057	1,037,888	998,876	902,253
School Activities	39,223	43,391	41,028	38,324						
Other Special Instruction	93,449	153,734	139,245	235,425	366,399	331,142	338,268	400,724	316,621	246,908
Support Services										
Tuition	1,506,640	1,618,985	1,391,048	1,460,488	1,613,089	1,727,441	1,840,288	1,694,412	1,283,514	1,104,783
Student and Instruction Related Services	970,186	1,136,299	1,380,153	1,431,748	1,305,633	1,432,072	1,356,132	1,675,677	1,523,127	1,204,380
General and Business Administrative Service:	159,162	201,586	189,373	266,115	198,630	196,081	195,005	210,768	196,490	184,173
School Administrative Services	210,277	201,074	323,997	313,169	261,491	263,984	247,584	285,108	259,596	192,746
Central Services and Information Technology	119,700	132,942	156,659	160,400	256,087	276,666	269,124	311,681	305,727	265,471
Plant Operations and Maintenance	412,567	528,337	464,676	448,798	671,718	635,419	708,194	663,503	700,638	4,250,893
Pupil Transportation	489,381	512,263	551,766	520,097	611,093	760,424	515,939	548,437	540,127	626,236
Capital Outlay	44,325	44,325	44,325	47,841						
Interest on Long-Term Debt	100,782	57,934	53,072	47,617	85,149	78,144	72,803	66,867	59,426	210,215
Unallocated Depreciation and Amortization	264,647	271,879	274,209	255,762	271,102	334,603	229,009	358,540	360,542	356,734
Total Governmental Activities Expenses	7,681,696	8,794,242	9,256,085	10,249,855	10,089,202	10,704,412	10,099,644	10,973,207	9,966,045	12,658,401
Business-Type Activities										
Food Service					194,385	190,077	180,796	195,455	265,252	230,673
Community Program					73,824	74,935	60,127	24,971	48,574	41,573
Proprietary Fund	217,971	212,944	207,505	241,489						
Total Business-Type Activities Expense	217,971	212,944	207,505	241,489	268,209	265,012	240,923	220,426	313,826	272,246
Total District Expenses	\$ 7,899,667	9,007,186	9,463,590	10,491,344	10,357,411	10,969,424	10,340,567	11,193,633	10,279,871	12,930,647
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 1,067,982	1,716,171	2,126,169	2,682,628	785,103	753,268	757,992	928,487	876,890	1,107,817
Charges for Services								21,845	35,082	40,580
Total Governmental Activities Program Revenue	1,067,982	1,716,171	2,126,169	2,682,628	785,103	753,268	757,992	950,332	911,972	1,148,397
Business-Type Activities										
Charges for Services	88,944	97,562	115,185	167,301						
Food Service					98,281	91,058	57,900	6,692	24,348	96,178
Community Program					76,835	60,105	58,208	16,702	58,721	90,340
Operating Grants and Contributions	109,974	104,331	89,009	82,335	84,927	77,105	61,252	263,139	344,531	113,476
Total Business-Type Activities Program Revenue	198,918	201,893	204,194	249,636	260,043	228,268	177,360	286,533	427,600	299,994
Total District Program Revenues	\$ 1,266,900	1,918,064	2,330,363	2,932,264	1,045,146	981,536	935,352	1,236,865	1,339,572	1,448,391
Net (Expense)/Revenue										
Governmental Activities	\$ (6,613,714)	(7,078,071)	(7,129,916)	(7,567,227)	(9,304,099)	(9,951,144)	(9,341,652)	(10,022,875)	(9,054,073)	(11,510,004)
Business-Type Activities	(19,053)	(11,051)	(3,311)	8,147	(8,166)	(36,744)	(63,563)	66,107	113,774	27,748
Total District-Wide Net Expense	\$ (6,632,767)	(7,089,122)	(7,133,227)	(7,559,080)	(9,312,265)	(9,987,888)	(9,405,215)	(9,956,768)	(8,940,299)	(11,482,256)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Local Tax Levy	\$ 1,800,667	1,780,009	1,816,288	1,842,888	1,868,128	1,871,223	1,903,804	1,997,216	2,030,436	2,077,269
Unrestricted Grants and Contributions	5,227,393	5,276,061	5,267,097	5,478,052	7,020,404	7,427,487	7,186,827	8,102,652	7,283,167	6,839,165
Investment Earnings	640	757	10,190	10,577	9,834	16,369	24,449	10,469	5,728	16,737
Miscellaneous Income	36,678	269	8,990	373,073	29,205	5,801	32,679	43,036	57,155	19,126
Prior Year Fixed Asset Adjustment					56,873	(93,364)	13,844	32,985	(414)	(10,778)
Proceeds from Bond Issuance										3,829,000
Right-to-Use Lease Adjustment									10,125	
Transfers						(15,984)	(30,000)			
Total Governmental Activities	7,065,378	7,057,096	7,102,565	7,704,590	8,984,444	9,211,532	9,131,603	10,186,358	9,386,197	12,770,519
Business-Type Activities										
Investment Earnings	18	26	208	155	88	168	318	194	258	1,052
Fixed Asset Adjustment								(52,197)		
Transfer							30,000			
Total Business-Type Activities	18	26	208	155	88	168	30,318	(52,003)	258	1,052
Total District-Wide	\$ 7,065,396	7,057,122	7,102,773	7,704,745	8,984,532	9,211,700	9,161,921	10,134,355	9,386,455	12,771,571
Change in Net Position										
Governmental Activities	\$ 451,664	(20,975)	(27,351)	137,363	(319,655)	(739,612)	(210,049)	163,483	332,124	1,260,515
Business-Type Activities	(19,035)	(11,025)	(3,103)	8,302	(8,078)	(36,576)	(33,245)	14,104	114,032	28,800
Total District-Wide	\$ 432,629	(32,000)	(30,454)	145,665	(327,733)	(776,188)	(243,294)	177,587	446,156	1,289,315

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 3,072,276	\$ 3,160,063	\$ 2,983,960	\$ 3,059,926	\$ 2,727,190	\$ 2,128,563	\$ 2,022,285	\$ 2,189,582	\$ 2,380,051	\$ 2,547,106
Assigned - Encumbrances	229,880	38,465	157,394	204,815	18,966	79,251	69,635	67,313	27,576	245,039
Assigned - Designated for Subsequent Year's Expenditures									133,040	174,059
Committed										3,504,500
Unassigned (Deficit)	(306,269)	(296,629)	(276,236)	(311,366)	(238,174)	(236,797)	(245,863)	(117,219)	(161,180)	(164,876)
Total General Fund	<u>\$ 2,995,887</u>	<u>\$ 2,901,899</u>	<u>\$ 2,865,118</u>	<u>\$ 2,953,375</u>	<u>\$ 2,507,982</u>	<u>\$ 1,971,017</u>	<u>\$ 1,846,057</u>	<u>\$ 2,139,676</u>	<u>\$ 2,379,487</u>	<u>\$ 6,305,828</u>
All Other Governmental Funds										
Restricted	\$ 10,296	\$ 10,296	\$ 10,296	\$ 10,296	\$	\$	\$	\$ 30,209	\$ 35,563	\$ 33,608
Unassigned, Reported in:										
Special Revenue Fund (Deficit)					(8,288)	(6,309)	(5,867)	(5,967)	(3,862)	(23,016)
Debt Service Fund										8,100
Total All Other Governmental Funds	<u>\$ 10,296</u>	<u>\$ 10,296</u>	<u>\$ 10,296</u>	<u>\$ 10,296</u>	<u>\$ (8,288)</u>	<u>\$ (6,309)</u>	<u>\$ (5,867)</u>	<u>\$ 24,242</u>	<u>\$ 31,701</u>	<u>\$ 18,692</u>

Source: ACFR Schedule B-1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Levy	\$ 1,800,667	\$ 1,780,009	\$ 1,816,288	\$ 1,842,888	\$ 1,868,128	\$ 1,871,223	\$ 1,903,804	\$ 1,997,216	\$ 2,030,436	\$ 2,077,269
Tuition Charges				98,028	6,475					
Interest Earnings	640	757	10,190	10,577	9,834	16,369	24,449	10,469	5,728	16,737
Miscellaneous	36,678	269	8,990	275,045	97,322	5,801	32,679	21,845	35,082	40,580
State Sources	6,076,069	6,197,824	6,309,480	6,426,487	6,678,280	6,983,250	7,344,915	7,509,271	7,762,768	8,570,095
Federal Sources	219,306	225,369	192,146	259,876	228,602	229,433	228,302	403,370	350,951	616,196
Total Revenues	8,133,360	8,204,228	8,337,094	8,912,901	8,888,641	9,106,076	9,534,149	9,942,171	10,184,965	11,320,877
Expenditures										
Instruction										
Regular Instruction	2,025,008	2,060,927	1,998,513	2,016,313	2,025,560	2,127,928	2,107,584	2,054,297	2,165,509	2,393,668
Special Education Instruction	423,186	452,303	472,682	531,381	601,363	572,193	532,742	515,237	574,243	643,838
School Activities	39,223	43,391	41,028	38,324						
Other Special Instruction	93,449	153,734	139,245	235,425	202,797	176,015	193,739	198,931	182,912	177,296
Support Services										
Tuition	1,506,640	1,618,985	1,391,048	1,460,488	1,613,089	1,727,441	1,840,288	1,694,412	1,283,514	1,104,783
Student and Instruction Related Services	714,920	735,198	799,431	726,785	748,346	793,782	805,300	949,461	947,267	959,613
General Administrative Services	117,285	130,428	109,691	135,086	137,658	133,594	140,336	137,257	141,512	150,681
School Administrative Services	154,951	130,097	187,670	158,971	153,318	149,364	147,135	149,495	157,763	144,159
Central Services and Information Technology	119,700	132,942	156,659	160,400	154,037	162,983	167,542	172,386	192,256	201,466
Plant Operations and Maintenance	412,567	528,337	464,676	448,798	512,702	467,530	560,201	464,908	546,238	501,811
Pupil Transportation	489,381	512,263	551,766	520,097	604,498	753,187	509,580	539,811	533,619	622,563
Employee Benefits	1,226,607	1,330,683	1,630,747	1,879,161	2,159,801	2,252,725	2,328,813	2,520,410	2,918,282	2,843,928
Capital Outlay	417,497	242,878	199,470	287,265	210,098	86,186	73,657	44,325	80,780	1,276,539
Debt Service										
Principal					180,000	180,000	185,000	185,000	190,000	200,000
Interest and Other Charges					49,350	42,150	36,750	31,200	23,800	16,200
Total Expenditures	8,016,982	8,298,216	8,373,876	8,824,644	9,352,617	9,625,078	9,628,667	9,657,130	9,937,695	11,236,545
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	116,377	(93,988)	(36,781)	88,257	(463,976)	(519,002)	(94,518)	285,041	247,270	84,332
Other Financing Sources (Uses)										
Transfers						(15,984)	(30,000)			
Bond Proceeds										3,829,000
Total Other Financing Sources (Uses)										3,829,000
Net Change in Fund Balances	\$ 116,377	\$ (93,988)	\$ (36,781)	\$ 88,257	\$ (463,976)	\$ (534,986)	\$ (124,518)	\$ 285,041	\$ 247,270	\$ 3,913,332
Debt Service as a Percentage of										
Noncapital Expenditures	3.64%	2.81%	2.83%	2.65%	2.51%	2.33%	2.32%	2.25%	2.17%	2.17%

Source: ACFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Contract</u> <u>Settlement</u>	<u>Misc.</u>	<u>Total</u>
2023	\$	\$ 16,737	\$ 14,278	\$	\$ 4,848	\$ 35,863
2022		5,765	30,000		27,118	62,883
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

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 ^o	Estimated Actual (County Equalized Value)
2023	\$ 5,925,400	\$	\$	\$ 133,424,200	\$ 970,400	\$ 268,200	\$ 35,213,100	\$ 175,801,300	\$	\$ 175,801,300	1.192	\$ 202,024,717
2022	6,046,300			133,198,300	970,400	268,200	35,209,100	175,692,300		175,692,300	1.190	182,400,939
2021	5,711,800			132,227,000	915,900	262,900	35,483,800	174,601,400		174,601,400	1.162	183,041,330
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

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
2023 *	1.063	0.129	1.192	0.439	0.573	1.012	2.204
2022	1.065	0.125	1.190	0.425	0.548	0.973	2.163
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

* 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 le
The levy when added to other components of the district's net budget may not exceed
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	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
SOUTH JERSEY INDUSTRIES	\$ 6,239,700	1	3.55%	\$ 5,461,400	1	5.06%
LABORERS LOCAL 172-174	2,256,000	4	1.28%	769,000	9	0.71%
AMERICAN GALVANIZING CO	2,246,500	5	1.28%	1,783,800	3	1.65%
IBEW LOCAL 351	3,116,600	2	1.77%	2,379,000	2	2.20%
C & E CANNERS, INC	2,378,400	3	1.35%	1,531,700	4	1.42%
FOLSOM DEVELOPMENT ASSOC.	1,497,100	6	0.85%			
NJ 11TH STREET HOLDING CORP	1,204,100	9	0.68%			
KERR C/O DUCHARMR, MCMILLRN & ASSOC	1,260,400	7	0.72%			
CREAMER FOLSOM ASSOC.	1,221,600	8	0.69%	800,600	8	0.74%
TAXPAYER #1	1,121,800	10	0.64%	973,300	6	0.90%
TAXPAYER #2				884,000	7	0.82%
BODON INDUSTRIES, INC				741,800	10	0.69%
KERR CONCRETE				1,222,800	5	1.13%
Total	\$ 22,542,200		12.82%	\$ 16,547,400		15.32%

Source: District ACFR & 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	
2023	\$ 2,077,269	\$ 2,077,269	100%	\$
2022	2,030,436	2,030,436	100%	
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%	

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		Percentage of	
	General Obligation Bonds ^u	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Personal Income ^a	Per Capita ^a
2023	\$ 4,034,000	\$	\$	\$	\$ 4,034,000	3.80%	\$ 2,218
2022	405,000				405,000	0.40%	223
2021	595,000				595,000	0.68%	396
2020	780,000				780,000	0.91%	505
2019	965,000				965,000	1.12%	574
2018	1,145,000				1,145,000	1.40%	674
2017	1,325,000				1,325,000	1.63%	756
2016	1,495,000				1,495,000	1.83%	821
2015	1,665,000				1,665,000	2.06%	905
2014	1,825,000				1,825,000	2.27%	982

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2023	\$ 4,034,000	\$	\$ 4,034,000	2.00%	\$ 2,218
2022	405,000		405,000	0.22%	223
2021	595,000		595,000	0.34%	329
2020	780,000		780,000	0.47%	439
2019	965,000		965,000	0.58%	542
2018	* 1,145,000		1,145,000	0.69%	641
2017	1,325,000		1,325,000	1.23%	738
2016	1,495,000		1,495,000	1.39%	826
2015	1,665,000		1,665,000	1.54%	909
2014	1,825,000		1,825,000	1.69%	987

* 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, 2023
(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	\$ 4,034,000	100%	\$ 4,034,000
Debt Repaid with Property Taxes			
Local Municipality	537,905	100%	537,905
Other Debt			
County of Atlantic	215,921,221	0.51%	1,100,141
Subtotal, Overlapping Debt			<u>5,672,046</u>
Borough of Folsom School District Direct Debt			<u>4,034,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 9,706,046</u></u>

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 2022

		<u>Equalized Valuation Basis</u>
	2022	\$ 200,804,528
	2021	182,256,159
	2020	181,796,456
	[A]	<u>\$ 564,857,143</u>
Average Equalized Valuation of Taxable Property	[A/3]	<u>\$ 188,285,714</u>
Debt Limit (3% of Average Equalization Value)	[B]	5,648,571 ^a
Net Bonded School Debt	[C]	<u>4,034,000</u>
Legal Debt Margin	[B-C]	<u>\$ 1,614,571</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>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 5,489,599	\$ 5,273,674	\$ 5,146,844	\$ 5,079,893	\$ 5,035,796	\$ 5,058,255	\$ 5,079,697	\$ 5,264,234	\$ 5,389,795	\$ 5,648,571
Total Net Debt Applicable to Limit	<u>1,825,000</u>	<u>1,665,000</u>	<u>1,495,000</u>	<u>1,325,000</u>	<u>1,145,000</u>	<u>965,000</u>	<u>780,000</u>	<u>595,000</u>	<u>405,000</u>	<u>4,034,000</u>
Legal Debt Margin	<u>\$ 3,664,599</u>	<u>\$ 3,608,674</u>	<u>\$ 3,651,844</u>	<u>\$ 3,754,893</u>	<u>\$ 3,890,796</u>	<u>\$ 4,093,255</u>	<u>\$ 4,299,697</u>	<u>\$ 4,669,234</u>	<u>\$ 4,984,795</u>	<u>\$ 1,614,571</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	33.24%	31.57%	29.05%	26.08%	22.74%	19.08%	15.36%	11.30%	7.51%	71.42%

^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>	
2023	*	1,819	\$ 106,281,049	\$ 58,427	5.2%
2022		1,810	101,597,356	58,368	5.3%
2021		1,808	87,644,251	58,310	10.4%
2020		1,776	86,125,765	55,802	13.3%
2019		1,782	85,012,104	51,247	5.2%
2018		1,787	81,709,745	48,110	6.6%
2017		1,795	81,124,220	46,304	6.9%
2016		1,809	81,479,373	44,735	7.4%
2015		1,832	80,929,625	43,974	8.6%
2014		1,849	80,249,190	43,171	10.2%

*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>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Spirit Airlines	5,233	4.26%		
Lockheed Martin	350	0.28%		
FAA Technical Center	3,000	2.44%		
Northrop Grumman Systems Corp.	175	0.14%		
Borgata Hotel Casino & Spa	5,833	4.75%	Not Available	
AtlantiCare	100	0.08%		
Stockton University	1,863	1.52%		
Tropicana Casino & Resort	50	0.04%		
Ocean Resort & Casino	3,000	2.44%		
Atlantic City Electric	621	0.51%		
	20,225	16.46%		

Source: This information is for Atlantic County

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	29.0	31.0	32.0	31.0	30.0	30.0	30.0	30.0	30.0	32.0
Special Education	7.8	10.0	10.0	11.0	12.0	10.0	9.0	9.0	10.0	8.0
Other Special Education				1.0	1.0	4.0	5.0	4.0	7.0	3.0
Vocational										
Other Instruction	2.4		1.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Support Services:										
Tuition										
Student & Instruction Related Services	6.0	7.0	7.0	6.0	6.0	7.0	7.0	5.0	7.0	7.0
General Administrative Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School Administrative Services	2.3	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Business Administrative Services	1.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	4.5	4.0	4.0	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	1.2	1.2
Food Service	3.6	3.3	3.3	2.5	3.3	3.3	3.0	3.25	3.25	3.25
Community Program			2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	58.3	63.6	67.6	68.8	69.6	71.6	71.3	68.45	74.45	70.45

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment (d)</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c (e)</u>	<u>Average Daily Attendance (ADA)^c (e)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2023	413	\$ 9,743,806	\$ 23,593	20.58%	46.0	8.98 : 1	373.60	351.93	-5.94%	94.20%
2022	423	9,643,115	22,797	16.51%	46.0	9.20 : 1	377.61	358.77	-4.93%	95.01%
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%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building</u>										
<u>Elementary</u>										
Folsom Elementary School										
Square Feet	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507	57,507
Capacity (Students)	435	435	435	435	435	435	435	435	435	435
* Enrollment	435	415	415	401	398	401	394	393	382	376

Number of Schools at June 30, 2023

 Elementary = 1

 Middle School = 0

 Other = 0

* Includes K - 8 only

Source: District records, ASSA

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

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Folsom School	57,507	\$ 132,288	\$ 153,254	\$ 132,132	\$ 161,886	\$ 155,761	\$ 166,921	\$ 129,633	\$ 149,576	\$ 104,646	\$ 86,997
Total School Facilities		<u>132,288</u>	<u>153,254</u>	<u>132,132</u>	<u>161,886</u>	<u>155,761</u>	<u>166,921</u>	<u>129,633</u>	<u>149,576</u>	<u>104,646</u>	<u>86,997</u>
Other Facilities											
Grand Total		<u>\$ 132,288</u>	<u>\$ 153,254</u>	<u>\$ 132,132</u>	<u>\$ 161,886</u>	<u>\$ 155,761</u>	<u>\$ 166,921</u>	<u>\$ 129,633</u>	<u>\$ 149,576</u>	<u>\$ 104,646</u>	<u>\$ 86,997</u>

BOROUGH OF FOLSOM SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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		
	JIF Self Insured Retention	\$ 250,000	\$ 500
	Crime-JIF Self Insured Retention	250,000	500
	General Liability/Auto Liability-JIF Self Insured Retention	250,000	
	Educators Legal Liability - JIF Self Insured Retention	250,000	
	Workers compensation - JIF Self Insured Retention	250,000	
School Pool for Excess Liability Limits Joint Insurance Fund (SPELL JIF)	Property/Inland Marine/Automobile Physical Damage	175,000,000	
	Crime	500,000	
	Workers Compensation	Statutory	
	- Employers Liability	10,000,000	
	General Liability/Auto Liability	20,000,000	
	Educators' Legal Liability	20,000,000	
Travelers Insurance Company	Boiler and Machinery	125,000,000	1,000
Beazley/Lloyd's of London Insurance	Environmental/Pollution Legal Liability	3,000,000	25,000-250,000
Starr Indemnity & Liability Company	Cyber Liability	2,000,000	50,000-100,000
Lloyd's of London Insurance	Crisis Protection & Disaster Management Services	1,000,000	10,000
RLI Insurance Company	Surety Bonds		
	Treasurer	180,000	
	Board Secretary/Business Administrator	25,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

INDEPENDENT AUDITOR'S 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

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, 2023, and the related notes to the financial statements, which collectively comprise the Board of Education of the Borough of Folsom School District's basic financial statements, and have issued our report thereon dated November 22, 2023.

Report on 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.

Report on 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



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 22, 2023

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE NEW JERSEY OMB CIRCULAR 15-08

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

Opinion on 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's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's major state programs for the year ended June 30, 2023. The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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 of the Office of School Finance, *Department of Education, State of New Jersey*, and New Jersey OMB 15-08. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

major state program. Our audit does not provide a legal determination of The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and New Jersey OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and New Jersey OMB 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of The Board of Education of the Borough of Folsom School District, in the County of Atlantic, State of New Jersey's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey 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
November 22, 2023

**BOROUGH OF FOLSOM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022			Budgetary Expenditures Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	June 30, 2023			
						(Accounts Receivable)	Unearned Revenue	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education General Fund															
						\$	\$	\$	\$	\$	\$	\$	\$	\$	
Total General Fund															
U.S. Department of Agriculture Passed-through State Department of Education: Enterprise Fund: Child Nutrition Cluster: Cash Assistance:															
National School Lunch Program	10.555	221NJ304N1099	N/A	7/1/21 6/30/22	215,349	(9,390)		9,390							
National School Lunch Program	10.555	231NJ304N1099	N/A	7/1/22 6/30/23	58,632			55,945	(58,632)		(58,632)	(2,687)			
National School Breakfast Program	10.553	221NJ304N1099	N/A	7/1/21 6/30/22	80,553	(3,001)		3,001							
National School Breakfast Program	10.553	231NJ304N1099	N/A	7/1/22 6/30/23	19,167			18,220	(19,167)		(19,167)	(947)			
P-EBT Administrative Cost	10.649	202322S900941	N/A	7/1/22 6/30/23	653				(653)		(653)	(653)			
Supply Chain Assistance	10.555	221NJ344N8903	N/A	7/1/21 6/30/22	12,314	(12,314)		12,314							
Supply Chain Assistance	10.555	231NJ344N8903	N/A	7/1/22 6/30/23	19,617			19,617	(19,617)		(19,617)				
Emerg. Operational Cost Prog-Schs	10.555	202221H170341	N/A	7/1/22 6/30/23											
Non-Cash Assistance:															
Food Distribution Program	10.565	Unknown	N/A	7/1/21 6/30/22	12,208				1,379		(1,379)	(1,379)			
Food Distribution Program	10.565	Unknown	11,150.00	7/1/22 6/30/23	11,150			11,150	(9,649)		(9,649)		1,501		
Total Enterprise Fund							(24,705)	1,379	129,637	(109,097)	(109,097)	(4,287)	1,501		
U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund: E.S.E.A.:															
Title I, Part A	84.010	S010A220030	ESEA-1540-23	7/1/22 9/30/23	57,257			56,826	(57,257)		(57,257)	(431)			
Title I, Part A	84.010	S010A210030	ESEA-1540-22	7/1/21 9/30/22	60,855	(1,027)		1,027							
Title I, Part A Reallocated	84.010	S010A220030	ESEA-1540-23	7/1/22 9/30/23	60,855										
Title II, Part A	84.367A	S367A220029	ESEA-1540-23	7/1/22 9/30/23	7,780			7,721	(7,721)		(7,721)				
Title IV	84.424A	S424A220031	ESEA-1540-23	7/1/22 9/30/23	10,000			10,000	(10,000)		(10,000)				
REAP	84.358A	S358A220798	REAP-1540-23	7/1/22 9/30/23	40,349			20,479	(40,349)		(40,349.0)	(19,870)			
REAP	84.358A	S358A212315	REAP-1540-22	7/1/21 9/30/22	37,816	(11,305)		11,305							
Education Stabilization Fund:															
CRRSA - ESSER II	84.425D	S425D210027	ESSER-1540-20	3/13/20 9/30/23	235,208	(395)		191,849	(191,454)		(191,454)				
CRRSA - Learning	84.425D	S425D210027	ESSERLAN 1540-20	3/13/20 9/30/23	25,000										
CRRSA - Mental Health	84.425D	S425D210027	Unknown	3/13/20 9/30/23	45,000	(11,427)		22,219	(16,432)		(16,432)	(5,640)			
ARP:															
ARP ESSER	84.425U	S425U210027	Unknown	3/13/20 9/30/24	528,615			9,063	(183,859)		(183,859)	(174,796)			
ARP Accel. Learning Instruction	84.425U	S425U210027	Unknown	3/13/20 9/30/24	50,000			17,200	(27,200)		(27,200)	(10,000)			
ARP Summer	84.425U	S425U210027	Unknown	3/13/20 9/30/24	40,000	(1,295)		28,524	(27,229)		(27,229)				
ARP Beyond/Afterschool	84.425U	S425U210027	Unknown	3/13/20 9/30/24	40,000	(855)		3,780	(6,120)		(6,120)	(3,195)			
ARP Mental Health	84.425U	S425U210027	Unknown	3/13/20 9/30/24	45,000				(10,866)		(10,866)	(10,866)			
SDA Emergent	84.425U	Unknown	Unknown	3/13/20 9/30/24	8,993			8,643	(8,643)		(8,643)				
IDEA Cluster:															
I.D.E.A. Part B	84.027A	H027A210100	IDEA-1540-22	7/1/21 9/30/22	96,419	(6,989)		6,989							
I.D.E.A. Part B	84.027A	H027A220100	IDEA-1540-23	7/1/22 9/30/23	97,678			97,678	(97,678)		(97,678)				
ARP IDEA Part B-Basic	84.027X	H027X220100	IDEA-1540-22	7/1/21 9/30/22	18,146	(1,659)		1,659							
I.D.E.A. Preschool	84.173	H173A220114	IDEAPS-1540-23	7/1/22 9/30/23	5,071			5,071	(5,071)		(5,071)				
ARP IDEA Preschool	84.173X	H173X220114	IDEAPS-1540-23	7/1/22 9/30/23	1,545										
Total Special Revenue Fund							(34,952)	500,033	(689,879)		(689,879)	(224,798)			
Total Federal Financial Awards						\$	(59,657)	\$ 1,379	\$ 629,670	\$ (798,976)	\$	(798,976)	\$ (229,085)	\$ 1,501	\$

(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, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Balance at June 30, 2023			MEMO		
					(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund														
Equalization Aid	23-495-034-5120-078	7/1/22	6/30/23	\$4,009,169			\$ 3,598,784	\$ (4,009,169)	\$ (410,385)			* \$ (410,385)	\$ (4,009,169)	
Special Education Categorical Aid	23-495-034-5120-089	7/1/22	6/30/23	363,041			325,880	(363,041)	(37,161)			* (37,161)	(363,041)	
Transportation Aid	23-495-034-5120-014	7/1/22	6/30/23	181,520			162,939	(181,520)	(18,581)			* (18,581)	(181,520)	
Security Aid	23-495-034-5120-084	7/1/22	6/30/23	79,030			70,940	(79,030)	(8,090)			* (8,090)	(79,030)	
School Choice Aid	23-495-034-5120-068	7/1/22	6/30/23	1,096,992			984,702	(1,096,992)	(112,290)			* (112,290)	(1,096,992)	
Nonpublic Transportation Aid	23-495-034-5120-014	7/1/22	6/30/23	936				(936)	(936)			* (936)	(936)	
Extraordinary Aid	22-495-034-5120-044	7/1/21	6/30/22	112,625	\$ (112,625)		112,625							
Extraordinary Aid	23-495-034-5120-044	7/1/22	6/30/23	110,861				(110,861)	(110,861)			* (110,861)	(110,861)	
Supplemental Stabilization Aid	23-495-034-5120-494	7/1/22	6/30/23	59,834			59,834	(59,834)				* (59,834)	(59,834)	
Securing Our Children's Future	N/A	7/1/21	6/30/22	21,004	(21,004)		21,004							
Security and Water Grant	21E00210	7/1/21	6/30/22	22,435	(22,435)		22,435							
Reimbursed TPAF Social Security Contrib.	22-495-034-5094-003	7/1/21	6/30/22	226,778	(10,736)		10,736							
Reimbursed TPAF Social Security Contrib.	23-495-034-5094-003	7/1/22	6/30/23	227,311			203,242		(24,069)			* (24,069)	(227,311)	
On-Behalf TPAF Post Retirement Medical	23-495-034-5094-001	7/1/22	6/30/23	294,114				(294,114)	(294,114)			* (294,114)	(294,114)	
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	7/1/22	6/30/23	1,119,592				(1,119,592)	(1,119,592)			* (1,119,592)	(1,119,592)	
On-behalf TPAF Long-term Disability Contrib.	23-495-034-5094-004	7/1/22	6/30/23	731				(731)	(731)			* (731)	(731)	
Total General Fund					(166,800)		5,573,121	(7,543,131)	(2,136,810)			(586,507)	(7,543,131)	
Special Revenue Fund														
Preschool Education Aid	22-495-034-5120-086	7/1/21	6/30/22	88,104	(3,862)		3,862							
Preschool Education Aid	23-495-034-5120-086	7/1/22	6/30/23	230,156			207,140	(230,156)	(23,016)			* (23,016)	(230,156)	
Climate Change Education	23E00370	7/1/22	6/30/23	6,660			6,498	(6,498)				* (6,498)	(6,498)	
NJ Clean Energy Grant	N/A	7/1/22	6/30/23	2,567,880			38,518	(1,220,390)	(1,181,872)			* (1,181,872)	(1,220,390)	
Total Special Revenue Fund					(3,862)		256,018	(1,457,044)	(1,204,888)				(1,457,044)	
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Prog. (State Share)	22-100-010-3350-023	7/1/21	6/30/22	5,083	(216)		216							
National School Lunch Prog. (State Share)	23-100-010-3350-023	7/1/22	6/30/23	3,746			3,602	(3,746)	(144)			* (144)	(3,746)	
National School Breakfast Prog.	23-100-010-3350-023	7/1/22	6/30/23	633			603	(633)	(30)			* (30)	(633)	
Total Enterprise Fund					(216)		4,421	(4,379)	(174)				(4,379)	
Total State Financial Assistance					\$ (170,878)		\$ 5,833,560	\$ (9,004,554)	\$ (3,341,872)			\$ (586,507)	\$ (9,004,554)	
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Post Retirement Medical	23-495-034-5094-001	7/1/22	6/30/23	294,114			\$ 294,114	\$ (294,114)						
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	7/1/22	6/30/23	1,119,592			1,119,592	(1,119,592)						
On-behalf TPAF Long-term Disability Contrib.	23-495-034-5094-004	7/1/22	6/30/23	731			731	(731)						
Total State Financial Assistance - Major Program Determination							\$ 4,419,123	\$ (7,590,117)						

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, 2023

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, 2023
(Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(1,268) for the general fund and \$(521,621) 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:

	Federal		State		Total
General Fund	\$		\$ 7,541,863	\$	7,541,863
Special Revenue Fund		597,070		1,028,232	1,625,302
Food Service Fund		<u>109,097</u>		<u>4,379</u>	<u>113,476</u>
Total Financial Assistance	\$	<u>706,167</u>	\$	<u>8,574,474</u>	\$ <u>9,280,641</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, 2023.

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, 2023. 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, 2023.

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, 2023

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

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ 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 2 CFR 200 section .516(a)? _____ yes X no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.425:		
84.425D	S425D210027	CRRSA - ESSERS II
84.425D	S425D210027	CRRSA - MENTAL HEALTH
84.425U	S425U210027	ARP ESSER III
84.425U	S425U210027	ARP ACCEL. LEARNING INSTRUCTION
84.425U	S425U210027	ARP SUMMER
84.425U	S425U210027	ARP MENTAL HEALTH
84.425U	S425U210027	SDA EMERGENT
84.425U	S425U210027	ARP Beyond/Afterschool

**BOROUGH OF FOLSOM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(continued)**

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

Dollar threshold used to distinguish between type A and type B programs (section 518): \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

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:

State Grant/Project Number(s)	Name of State Program
N/A 23-495-034-5094-003 23-495-034-5120-086	NJ Clean Energy Grant Reimbursed TPAF Social Security Contrib. Preschool Education Aid

**BOROUGH OF FOLSOM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023
(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, 2023**

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.