

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
WASHINGTON, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by**

**FRANKLIN TOWNSHIP BOARD OF EDUCATION  
DEPARTMENT OF ADMINISTRATION**

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**INTRODUCTORY SECTION**

# FRANKLIN TOWNSHIP BOARD OF EDUCATION

52 Asbury Broadway Road,  
Washington, New Jersey 07882

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Chief School Administrator  
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November 16, 2011

Honorable President and  
Members of the Board of Education  
Franklin Township School District  
52 Asbury Broadway Road,  
Washington, New Jersey 07882

Dear Board Members:

The comprehensive annual financial report of the Franklin Township School District for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose 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 the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations", and New Jersey OMB's Circular 04-04, "Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's reports 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:** Franklin Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Franklin Township Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6 as well as special education. The district completed the 2010/2011 fiscal year with an enrollment of 294.3 students, which is a -7.5% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2004/2005	382.0	1.3%
2005/2006	384.0	0.5%
2006/2007	395.0	2.9%
2007/2008	348.0	-11.9%
2008/2009	340.8	-2.1%
2009/2010	318.0	-9.8%
2010/2011	294.3	-7.5%

**2. ECONOMIC CONDITION AND OUTLOOK:** The long-term residential picture for the district should be rather stable. As Franklin Township's residential growth is limited by the current five-acre zoning restriction. Currently, there are only a few isolated minor subdivisions proposed in the Township. Incorporating these isolated subdivisions in our demographic study reflects that the school district can easily manage the increased population with its existing facilities over the next five years.

Commercial development within the municipality is very limited.

**3. MAJOR INITIATIVES:** Franklin Township School continues to be the center for activities within the community, both academically and civically. The community's support for the school programs was made clear through the passage of a building expansion and renovation project that began in 2002. The \$4.62 million project, paid in part with state funding, in large part completed in September 2003 has given our school community needed space and improvements for its educational programs.

Our school goals for the 2010/2011 academic year continued to focus on improving reading, language arts, and mathematic skills, integrating technology within the classroom, and diversifying instruction. Staff participated in workshops that utilized hands-on materials for meeting national standards in mathematics, improved their technology skills and resources, and demonstrated strategies for diversifying instruction. In this way, students received the benefits of improved delivery of instruction.

Planning for the 2012/2013 school year has included implementing a math program that was researched and identified in collaboration with the regional district. In addition, the Board of Education, Administration, and Staff are working towards improving student writing skills by implementing a National Writing Project. This is an intensive teacher training program designed by East Stroudsburg University. This project will continue over the next two academic years.

In alignment with our three year Technology Plan, four additional Smart Boards have been installed in classrooms. We currently have research capabilities in all of the classrooms in the building. We will continue to update existing computer technology in the classrooms as needed. These new purchases continue to support technology initiatives and research capabilities within

the classroom. Through the continued use of a Smart Board and mobile laptop carts, students received greater access to a variety of educational information and resources. A large portion of the cost of these items was funded through federal and state grant monies.

**4. INTERNAL ACCOUNT CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance 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 and State financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations to those programs. This internal control structure 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 structure, including that portion related to federal 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. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

**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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements". Note 1.

**7. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues meeting its responsibilities for sound financial management.

The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2011, and the amount of percentage of increases (decreases) in relation to prior year revenues.

<b>Revenues</b>	<b>Amount</b>	<b>% of Total</b>	<b>Increase (Decrease) from 2010</b>	<b>% of Increase (Decrease)</b>
<b>Local Sources:</b>				
Tax Levy	\$3,762,850	72.86%	\$40,938	1.10%
Debt Service	257,454	4.98%	3,250	1.28%
Other Revenues	110,688	2.14%	1,955	1.80%
<b>State Aid</b>	871,840	16.88%	5,331	.62%
<b>Federal Aid</b>	161,884	3.13%	(92,234)	-36.30%
<b>TOTAL:</b>	<u>\$5,164,716</u>	<u>100.00%</u>	<u>\$(40,760)</u>	<u>-0.78%</u>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2011 and the percentage of increases (decreases) in relation to prior year amounts.

<b>Expenditures</b>	<b>Amount</b>	<b>% of Total</b>	<b>Increase (Decrease) from 2010</b>	<b>% of Increase (Decrease)</b>
<b>General Fund:</b>				
Current Expense	\$4,341,941	91.08%	\$(287,442)	-6.21%
Capital Outlay	15,897	0.33%	6,698	72.81%
Special Projects	166,884	3.50%	8,862	5.61%
<b>Debt Service:</b>				
Principle	185,000	3.88%	35,000	23.33%
Interest	57,349	1.20%	(46,855)	-44.96%
<b>TOTAL:</b>	<u>\$4,767,071</u>	<u>100.00%</u>	<u>\$(283,737)</u>	<u>4.18%</u>

Note: Excludes "on behalf" payments, lease purchase acquisitions and capital projects.

**8. DEBT ADMINISTRATION:** At June 30, 2011, the District's outstanding debt issue was \$1,860,000 issued in February 2010 for the refunding of the 2001 bond issue.

**9. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

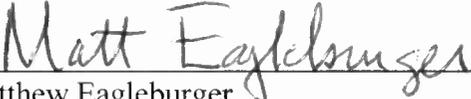
**10. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

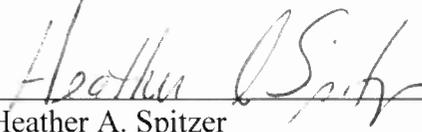
**11. OTHER INFORMATION:**

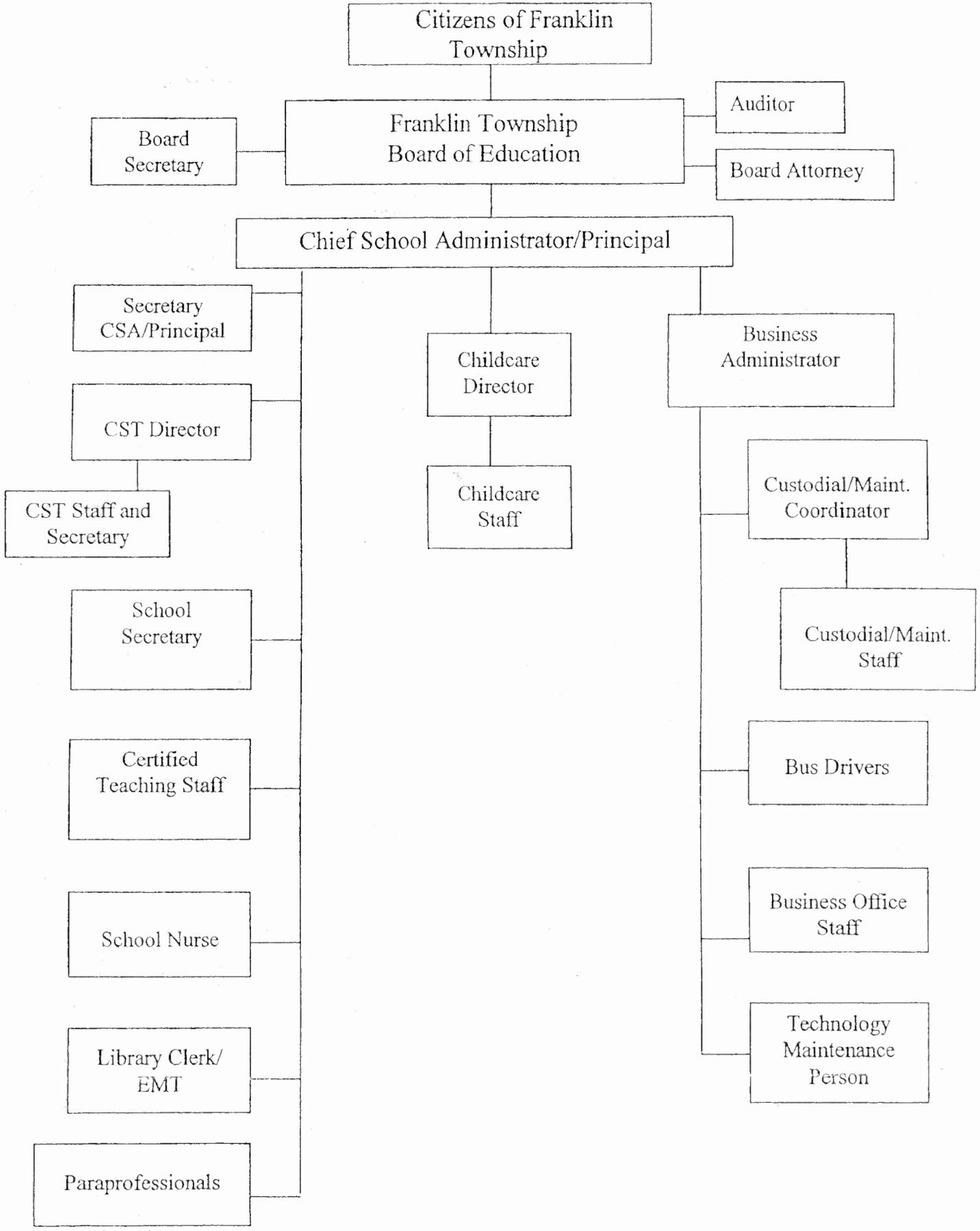
**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board’s audit committee selected the accounting firm of William Colantano, CPA. In addition to meeting the requirements set forth in statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and New Jersey OMB’s Circular 04-04. The auditor’s report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

**12. ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Franklin Township School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the school district, and 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 the financial and accounting staff.

Respectfully Submitted,

  
Matthew Eagleburger  
Chief School Administrator

  
Heather A. Spitzer  
School Business Administrator/Board Secretary



FRANKLIN TOWNSHIP SCHOOL DISTRICT  
WASHINGTON, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2011

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Jeannene Butler	President	2013
Malia Corde	Vice-President	2012
Rudy Di Gilio	(From 12/16/10)	2011
Mark Fitzsimmons		2012
Stephen Klimas		2012
Dawn Vatuna	(To 12/16/10)	2012
Elizabeth Ames		2013
Stacy Roth		2013
Michael Fama		2014
Jean Hansen		2014
Renee Hart		2014

**OTHER OFFICIALS**

Paul Rinaldi	Chief School Administrator
Heather Spitzer	School Business Administrator/ Board Secretary
James Miller	Treasurer
Swartz, Simon, Edelstein, Celso & Zitomer	Solicitor

**FRANKLIN TOWNSHIP SCHOOL  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

William M. Colantano, Jr., CPA  
100 Route 31 North  
Washington, NJ 07882-1530

**ATTORNEY**

Swartz, Simon, Edelstein, Celso & Zitomer  
44 Whippany Rd  
Morristown NJ 07962

**OFFICIAL DEPOSITORY**

Investors Bank  
101 JFK Parkway  
Short Hills, NJ 07078

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

October 28, 2011

Honorable President and  
Members of the Board of Education  
Franklin Township School District  
County of Warren, New Jersey

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 Franklin Township School District in the County of Warren, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Franklin Township Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

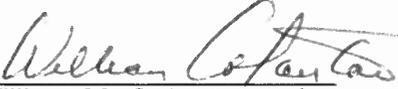
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Board of Education in the County of Warren, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 28, 2011 on our consideration of the Franklin Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Franklin Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

The discussion and analysis of Franklin Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- ◆ In total, net assets increased \$805,052 which represents a 36.21 percent increase from 2010.
- ◆ General revenues accounted for \$5,222,534 revenue or 88.49 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$679,202 or 11.51 percent to total revenues of \$5,901,736.
- ◆ Total assets of governmental activities increased by \$739,017 as cash and cash equivalents increased by \$425,963, receivables and other assets increased by \$151,351 and capital assets increased by \$161,703.
- ◆ The School District had \$5,096,684 in expenses; only \$417,882 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,222,534 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,065,945 in revenues and \$4,653,289 in expenditures. The General Fund's balance increased \$20,676 over 2010 after a transfer of \$391,980 to the Capital Projects Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Franklin Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Franklin Township School District, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED

In the Statement of New Assets and The Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but no limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of New Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall that the Statement of New Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**Table 1  
Net Assets**

	<u>6/30/11</u>	<u>6/30/10</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
<b>Assets</b>				
Current and Other Assets	\$1,463,831	\$899,315	\$564,516	62.77%
Capital Assets	3,863,545	3,699,059	164,486	4.45%
<b>Total Assets</b>	<u>5,327,376</u>	<u>4,598,374</u>	<u>729,002</u>	<u>15.85%</u>
<b>Liabilities</b>				
Long-Term Liabilities	2,094,683	2,312,369	(217,686)	-9.41%
Other Liabilities	204,638	62,702	141,936	226.37%
<b>Total Liabilities</b>	<u>2,299,321</u>	<u>2,375,071</u>	<u>(75,750)</u>	<u>-3.19%</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Debt	2,003,545	1,546,770	456,775	29.53%
Restricted	675,438	301,661	373,777	123.91%
Unrestricted	349,072	374,572	(25,500)	-6.81%
<b>Total Net Assets</b>	<u>\$3,028,055</u>	<u>\$2,223,003</u>	<u>\$805,052</u>	<u>36.21%</u>

Total assets increased \$729,002. Cash and cash equivalents increased by \$413,050, receivables and other assets increased by \$151,466 and capital assets increased by \$164,486. Unrestricted net assets of the School District increased by \$25,500. These are the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements.

Table 2 shows the changes in net assets in fiscal year 2011 with comparisons to 2010.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

10.4

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**Table 2  
Changes in Net Assets**

	<u>6/30/11</u>	<u>6/30/10</u>	<u>Variance</u>	
			<u>Dollar</u>	<u>Percent</u>
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$221,476	\$257,578	\$(36,102)	-14.02%
Operating Grants and Contributions	196,406	184,591	11,815	6.40%
Capital Grants	261,320		261,320	
General Revenues:				
Property Taxes	4,020,304	3,976,116	44,188	1.11%
Unrestricted Grants	1,197,408	1,339,432	(142,024)	-10.60%
Other	4,822	3,002	1,820	60.63%
<b>Total Revenues</b>	<u>5,901,736</u>	<u>5,760,719</u>	<u>141,017</u>	<u>2.45%</u>
<b>Program Expenses</b>				
Instruction				
Regular	2,135,097	2,219,596	(84,499)	-3.81%
Special	884,904	794,912	89,992	11.32%
Other	31,695	13,219	18,476	139.77%
Support Services:				
Tuition	83,885	128,310	(44,425)	-34.62%
Student & Instructional Staff	650,921	665,251	(14,330)	-2.15%
General & Business Admin.	447,691	517,578	(69,887)	-13.50%
School Administration	69,281	49,669	19,612	39.49%
Maintenance	383,317	468,117	(84,800)	-18.12%
Transportation	170,156	285,642	(115,486)	-40.43%
Special Schools – Summer School	0	17,061	(17,061)	-100.00%
Food Services	89,517	91,675	(2,158)	-2.35%
Child Care	65,004	83,277	(18,273)	-21.94%
Transfer of Funds to Charter School	8,483		8,483	
Interest on Long Term Debt	76,733	79,236	(2,503)	-3.16%
<b>Total Expenses</b>	<u>5,096,684</u>	<u>5,413,543</u>	<u>(316,859)</u>	<u>-5.85%</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$805,052</u>	<u>\$347,176</u>	<u>\$457,876</u>	<u>131.89%</u>
Other Items:				
Pmt. Refunding Bond Agent	0	(23,010)	23,010	
<b>Change in Net Assets</b>	<u>\$805,052</u>	<u>\$324,166</u>	<u>\$480,886</u>	

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

10.5

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69.89 percent of revenues for governmental activities for the Franklin Township School District for fiscal year 2011.

Instruction comprises 59.87 percent of district expenses. Support services expenses make up 40.13 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2010 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

**Table 3**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>6/30/2011</b>	<b>6/30/2010</b>	<b>6/30/2011</b>	<b>6/30/2010</b>
Instruction	\$3,051,696	\$3,027,727	\$2,906,791	\$2,890,928
Support Services:				
Tuition	83,885	128,310	83,885	128,310
Students & Instruct. Staff	650,921	665,251	557,266	568,669
General & Business Admin.	447,691	517,578	447,691	517,578
School Admin.	69,281	49,669	69,281	49,669
Plant Operations & Maintenance	383,317	468,117	354,060	443,246
Pupil Transport.	170,156	285,642	170,156	285,642
Special School - Summer	0	17,061		17,061
Food Service	89,517	91,675	(1,384)	(6,104)
Child Care	65,004	83,277	5,840	(2,861)
Transfer of Funds to Charter School	8,483		8,483	
Interest on Long-Term Debt	76,733	79,236	76,733	79,236
<b>Total Expenses</b>	<b>\$5,096,684</b>	<b>\$5,413,543</b>	<b>\$4,678,802</b>	<b>\$4,971,374</b>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

10.6

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

Instructional expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues and aid is apparent. For all activities general revenue support is 88.49 percent. The community, as a whole, is the primary support or funding source for the Franklin Township School District.

**The School District's Funds**

Information about the School district's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,751,603 and expenditures of \$5,309,424. The net positive change in fund balance for the year was most significant in the Capital Projects Fund, reflecting an increase of \$406,398.

**General Fund Budgeting Highlights**

The School 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.

During the course of the fiscal 2011 year, the School District amended its General Fund budget as needed. The School District uses program based

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the General Fund, budget basis revenue and other financing sources were \$4,740,377, \$264,543 above original budgeted estimates of \$4,475,834. This difference was due primarily to conservative revenue estimates and additional state aid funding for special education.

The General fund revenues and other financing sources of the School District exceeded expenditures by approximately \$382,539, the financial position of the School District is good.

**Capital Assets**

At the end of the fiscal year 2011, the School District had \$3,863,545 invested in land, building, furniture and equipment. Table 4 shows fiscal 2011 balances compared to 2010.

**Table 4  
Capital Assets (Net of Depreciation) at June 30, 2010**

	<u>6/30/11</u>	<u>6/30/10</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
Land	\$ 180,000	\$ 180,000	\$ -	0.00%
Construction in Progress	246,902		246,902	
Land Improvements	84,058	86,875	(2,817)	-3.24%
Buildings and Improvements	3,269,227	3,346,463	(80,236)	-2.40%
Machinery and Equipment	83,358	82,721	637	0.77%
<b>Totals</b>	<u>\$3,863,545</u>	<u>\$3,699,059</u>	<u>\$164,486</u>	<u>4.45%</u>

Overall capital assets increased \$164,486 from fiscal 2010 to fiscal year 2011.

**Debt Administration**

At June 30, 2011, the School District had \$2,094,683 as its outstanding debt. Of this amount, \$136,335 is for compensated absences, and the balance \$98,348 is for unamortized bond premium, and the balance of \$1,860,000 is for bonds for school construction. Table 5 shows fiscal 2011 balances compared to 2010.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
FRANKLIN TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

	<u>6/30/11</u>	<u>6/30/10</u>	<u>Variance</u>	
			Dollars	Percent
2010 Refunding Bond Issue	\$1,860,000	\$2,045,000	\$(185,000)	-9.05%
	<u>\$1,860,000</u>	<u>\$2,045,000</u>	<u>\$(185,000)</u>	<u>-9.05%</u>

**For the Future**

At the present time, the Franklin Township School District is in a very good financial condition. A major concern is the continued decrease in state funding resulting in an increased reliance on local property taxes.

Franklin Township is primarily a residential, farming community, with very few industrial ratables; thus the burden is focused on homeowners to foot the tax burden.

In conclusion, the Franklin Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Heather A. Spitzer, School Business Administrator/Board Secretary at Franklin Township Board of Education, 52 Asbury Broadway Road, Washington, NJ 07882 or email at [hspitzer@franklinschool.org](mailto:hspitzer@franklinschool.org).

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets 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

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2011

	Govern- mental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 283,186	\$ 7,905	\$ 291,091
Receivables, Net	703,562	8,664	712,226
Inventory		2,617	2,617
Bond Issuance Costs, Net	43,779		43,779
Restricted Assets:			
Capital Project Account-Cash	145,078		145,078
Capital Reserve-Cash	203,935		203,935
Maintenance Reserve-Cash	50,000		50,000
Debt Service Account-Cash	15,105		15,105
Capital Assets, Net (Note 4)	3,859,232	4,313	3,863,545
Total Assets	<u>5,303,877</u>	<u>23,499</u>	<u>5,327,376</u>
<b>LIABILITIES</b>			
Accounts Payable	177,634		177,634
Accrued Interest	25,036		25,036
Deferred Revenue	1,025	943	1,968
Long-Term Liabilities (Note 5):			
Due Within One Year	188,941		188,941
Due Beyond One Year	1,769,407		1,769,407
Compensated Absences Payable	136,335		136,335
Total Liabilities	<u>2,298,378</u>	<u>943</u>	<u>2,299,321</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,999,232	4,313	2,003,545
Restricted For:			
Capital Reserve	203,935		203,935
Maintenance Reserve	50,000		50,000
Capital Project	406,398		406,398
Debt Service	15,105		15,105
Unrestricted	330,829	18,243	349,072
TOTAL NET ASSETS	<u>\$ 3,005,499</u>	<u>\$ 22,556</u>	<u>\$ 3,028,055</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
<b>Government Activities:</b>								
Instruction:								
Regular	\$ 1,425,536	\$ 709,561	\$ 60,985	\$ 48,865		\$ (2,025,247)		\$ (2,025,247)
Special Education	395,302	247,223	15,691			(626,834)		(626,834)
Other Special Education	173,654	68,725		19,364		(223,015)		(223,015)
Other Instruction	24,063	7,632				(31,695)		(31,695)
Support Services:								
Tuition	83,885					(83,885)		(83,885)
Students & Instruction Related Services	484,009	166,912		93,655		(557,266)		(557,266)
General & Business Administrative Services	322,110	125,581				(447,691)		(447,691)
School Administrative Services	46,259	23,022				(69,281)		(69,281)
Plant Operations & Maintenance	315,564	67,753	24,257	5,000		(354,060)		(354,060)
Pupil Transportation	161,879	8,277				(170,156)		(170,156)
Transfer of Funds to Charter Schools	8,483					(8,483)		(8,483)
Interest on Long-Term Debt	76,733					(76,733)		(76,733)
<b>Total Government Activities</b>	<b>3,517,477</b>	<b>1,424,686</b>	<b>100,933</b>	<b>166,884</b>	<b>\$ -</b>	<b>(4,674,346)</b>	<b>\$ -</b>	<b>(4,674,346)</b>
<b>Business-Type Activities:</b>								
Food Service	89,517		61,379	29,522			1,384	1,384
Child Care	65,004		59,164				(5,840)	(5,840)
<b>Total Business-Type Activities</b>	<b>154,521</b>		<b>120,543</b>	<b>29,522</b>			<b>(4,456)</b>	<b>(4,456)</b>
<b>Total Primary Government</b>	<b>\$ 3,671,998</b>	<b>\$ 1,424,686</b>	<b>\$ 221,476</b>	<b>\$ 196,406</b>	<b>\$ -</b>	<b>(4,674,346)</b>	<b>(4,456)</b>	<b>(4,678,802)</b>
			<b>General Revenues</b>					
						3,762,850		3,762,850
						257,454		257,454
						1,197,408		1,197,408
						261,320		261,320
						2,682	68	2,750
						2,072		2,072
						5,483,786	68	5,483,854
						809,440	(4,388)	805,052
						2,196,059	26,944	2,223,003
						<b>\$ 3,005,499</b>	<b>\$ 22,556</b>	<b>\$ 3,028,055</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## **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 type.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 283,186				\$ 283,186
Receivables:					
State	294,102		\$ 261,320		555,422
Federal		\$ 102,852			102,852
Other Local Governments	27,360				27,360
Other	17,928				17,928
Due from Other Funds	102,352				102,352
Restricted Cash & Cash Equivalents	253,935		145,078	\$ 15,105	414,118
<b>TOTAL ASSETS</b>	<b>\$ 978,863</b>	<b>\$ 102,852</b>	<b>\$ 406,398</b>	<b>\$ 15,105</b>	<b>\$ 1,503,218</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 177,634				\$ 177,634
Due to Other Funds		\$ 102,352			102,352
Deferred Revenue	525	500			1,025
<b>Total Liabilities</b>	<b>178,159</b>	<b>102,852</b>	<b>\$ -</b>	<b>\$ -</b>	<b>281,011</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	\$ 203,935				\$ 203,935
Maintenance Reserve Account	50,000				50,000
Excess Surplus-Designated for Subsequent Year's Expenditures	64,872				64,872
Designated for Subsequent Year's Expenditures			\$ 406,398	\$ 15,105	421,503
Committed Fund Balance:					
Year-end Encumbrances	17,541				17,541
Unassigned Fund Balance	464,356				464,356
Total Fund Balances	<u>800,704</u>	<u>\$ -</u>	<u>406,398</u>	<u>15,105</u>	<u>1,222,207</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 978,863</u>	<u>\$ 102,852</u>	<u>\$ 406,398</u>	<u>\$ 15,105</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 5,563,481  
1,704,249

3,859,232

Long-term liabilities, including bonds payable, leases and compensated absences are not due & payable in the current period & therefore are not reported as liabilities in the funds

(2,094,683)

Bond issuance costs are reported as expenditures in the governmental funds. The costs are and the accumulated amortization is

49,749  
5,970

43,779

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due

(25,036)

Total Net Assets of Governmental Activities

\$ 3,005,499

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 3,762,850			\$ 257,454	\$ 4,020,304
Tuition Charges-Other LEA's	15,691				15,691
Tuition Charges-Individuals	60,985				60,985
Interest on Investments	2,682				2,682
Miscellaneous	26,329	\$ 5,000			31,329
<b>Total</b>	<b>3,868,537</b>	<b>5,000</b>	<b>\$ -</b>	<b>257,454</b>	<b>4,130,991</b>
State Sources	1,197,408		261,320		1,458,728
Federal Sources		161,884			161,884
<b>Total Revenues</b>	<b>5,065,945</b>	<b>166,884</b>	<b>261,320</b>	<b>257,454</b>	<b>5,751,603</b>
<b>EXPENDITURES</b>					
Current :					
Instructional:					
Regular Instruction	1,388,873	36,663			1,425,536
Special Education Instruction	395,302				395,302
Other Special Instruction	154,290	19,364			173,654
Other Instruction	24,063				24,063
Support Service & Undistributed Costs:					
Tuition	83,885				83,885
Student & Instruction Related Services	390,354	93,655			484,009
General & Business Administrative Services	322,110				322,110
School Administrative Services	46,259				46,259
Plant Operations & Maintenance	310,564	5,000			315,564
Pupil Transportation	161,879				161,879
Unallocated Benefits	1,351,330				1,351,330

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay		\$ 12,202	\$ 246,902		\$ 259,104
Transfer of Funds to Charter Schools	\$ 8,483				8,483
Debt Services:					
Principal				\$ 185,000	185,000
Interest & Other Charges	15,897			57,349	73,246
Total Expenditures	<u>4,653,289</u>	<u>166,884</u>	<u>246,902</u>	<u>242,349</u>	<u>5,309,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>412,656</u>	<u>-</u>	<u>14,418</u>	<u>15,105</u>	<u>442,179</u>
Other Financing Sources (Uses):					
Operating Transfers In			391,980		391,980
Operating Transfers Out	(391,980)				(391,980)
Total Other Financing Sources (Uses)	<u>(391,980)</u>	<u>-</u>	<u>391,980</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	20,676	-	406,398	15,105	442,179
Fund Balances, July 1	<u>780,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,028</u>
Fund Balances, June 30	<u>\$ 800,704</u>	<u>\$ -</u>	<u>\$ 406,398</u>	<u>\$ 15,105</u>	<u>\$ 1,222,207</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Changes in Fund Balances-Governmental Fund (from B-2) \$ 442,179

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 expenses. This is the amount by which  
capital outlays exceeds depreciation in the period:

Capital Outlays	\$ 259,104	
Depreciation Expenses	<u>(97,401)</u>	161,703

Repayment of debt principal and capital leases are expendi-  
tures in the governmental funds, but the repayment reduces  
long-term liabilities in the statement of net assets and are  
not reported in the statement of activities:

Debt Principal Payments		185,000
-------------------------	--	---------

Governmental funds report the effect of issuance costs and  
premiums when debt is first issued, whereas these amounts  
are deferred & amortized in the statement of activities:

Amortization of Bond Issuance Costs	(3,980)	
Amortization of Bond Premium	<u>8,941</u>	4,961

In the statement of activities, interest on long-term debt is  
accrued regardless of when due. In the governmental funds  
interest is reported when due. The accrued interest is a  
reconciling item.

(8,448)

In the statement of activities, compensated absences & early retirement  
benefits are measured by the amounts earned during the year. In  
the governmental funds, however, expenditures for these items are reported  
in the amount of financial resources used (paid). When the earned  
amount exceeds the paid amount, the difference is a reduction in  
the reconciliation; when the paid amount exceeds the earned amount, the  
difference is an addition to the reconciliation.

24,045

Change in Net Assets of Governmental Activities \$ 809,440

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Food Service Fund	Child Care Program	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 6,113	\$ 1,792	\$ 7,905
Accounts Receivable		7,770	7,770
Receivable from Other Governments:			
Federal	776		776
State	118		118
Inventories	2,617		2,617
Total Current Assets	<u>9,624</u>	<u>9,562</u>	<u>19,186</u>
Fixed Assets:			
Capital Assets	30,019		30,019
Accumulated Depreciation	25,706		25,706
Total Fixed Assets	<u>4,313</u>	<u>-</u>	<u>4,313</u>
Total Assets	<u>13,937</u>	<u>9,562</u>	<u>23,499</u>
LIABILITIES			
Current Liabilities:			
Deferred Revenue	943		943
Total Current Liabilities	<u>943</u>	<u>-</u>	<u>943</u>
NET ASSETS			
Invested in Capital Assets	4,313		4,313
Unrestricted	8,681	9,562	18,243
TOTAL NET ASSETS	<u>\$ 12,994</u>	<u>\$ 9,562</u>	<u>\$ 22,556</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund	Child Care Program	Total
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	\$ 45,793		\$ 45,793
Daily Sales-Nonreimbursable Programs	15,586		15,586
Fees for Services		\$ 59,164	59,164
Total Operating Revenues	<u>61,379</u>	<u>59,164</u>	<u>120,543</u>
Operating Expenses:			
Cost of Sales	48,175		48,175
Salaries	18,637	33,659	52,296
Employee Benefits	4,890	30,283	35,173
Management Fee	8,000		8,000
Facility Use Fees		110	110
Other Purchased Services	3,555	56	3,611
General Supplies	3,139	550	3,689
Insurance	1,963		1,963
Repairs and Maintenance	572		572
Depreciation	461		461
Miscellaneous	125	346	471
Total Operating Expenses	<u>89,517</u>	<u>65,004</u>	<u>154,521</u>
Operating Income (Loss)	<u>(28,138)</u>	<u>(5,840)</u>	<u>(33,978)</u>
Nonoperating Revenues (Expenses):			
Federal Sources:			
National School Lunch Program	11,426		11,426
Food Distribution Program	17,173		17,173
State Sources:			
School Lunch Program	874		874
Other	49		49
Interest Income	21	47	68
Total Nonoperating Revenues (Expenses)	<u>29,543</u>	<u>47</u>	<u>29,590</u>
Change in Net Assets	1,405	(5,793)	(4,388)
Total Net Assets, Beginning	<u>11,589</u>	<u>15,355</u>	<u>26,944</u>
Total Net Assets, Ending	<u>\$ 12,994</u>	<u>\$ 9,562</u>	<u>\$ 22,556</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 61,379	\$ 58,718	\$ 120,097
Payments to Employees and Benefits		(63,942)	(63,942)
Payments to Food Service Management Co	(74,293)		(74,293)
Payments to Vendors (Net)	(3,050)	(1,062)	(4,112)
Net Cash Provided by (Used For) Operating Activities	(15,964)	(6,286)	(22,250)
Cash Flows from Noncapital Financing Activities:			
Federal Sources	11,628		11,628
State Sources	885		885
Net Cash Provided by (Used For) Noncapital Financing Activities	12,513	-	12,513
Cash Flows from Capital Financing Activities:			
Acquisition of Equipment	(3,244)		(3,244)
Net Cash Provided by (Used For) Capital Financing Activities	(3,244)	-	(3,244)
Cash Flows from Investing Activities:			
Interest Income	21	47	68
Net Cash Provided by (Used For) Financing Activities	21	47	68
Net Increase (Decrease) in Cash and Cash Equivalents	(6,674)	(6,239)	(12,913)
Cash and Cash Equivalents, July 1, 2010	12,787	8,031	20,818
Cash and Cash Equivalents, June 30, 2011	\$ 6,113	\$ 1,792	\$ 7,905
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (28,138)	\$ (5,840)	\$ (33,978)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	461		461
Federal Food Distribution Program	16,462		16,462
(Increase) Decrease in Receivables		(446)	(446)
(Increase) Decrease in Inventory	167		167
Increase (Decrease) in Accounts Payable	(4,916)		(4,916)
Net Cash Provided by (Used For) Operating Activities	\$ (15,964)	\$ (6,286)	\$ (22,250)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011

	Medical Savings Section 125	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 10,361	\$ 9,652	\$ 22,092
TOTAL ASSETS	<u>10,361</u>	<u>\$ 9,652</u>	<u>\$ 22,092</u>
LIABILITIES			
Due to Student Groups		\$ 9,652	
Payroll Deductions & Withholdings			\$ 22,092
TOTAL LIABILITIES	<u>-</u>	<u>\$ 9,652</u>	<u>\$ 22,092</u>
NET ASSETS			
Held in Trust for Section 125 & Other Purposes	<u>\$ 10,361</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Medical Savings Section 125</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 19,225
Investment Earnings:	
Interest	<u>8</u>
Total Additions	<u>19,233</u>
DEDUCTIONS	
Medical Payments	<u>12,085</u>
Change in Net Assets	7,148
Net Assets, Beginning of the Year	<u>3,213</u>
Net Assets, End of the Year	<u><u>\$ 10,361</u></u>

**NOTES TO FINANCIAL STATEMENTS**

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Franklin Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-6. The District had an approximate enrollment at June 30, 2011 of 304 students.

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:

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity as been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources 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 in the Special Revenue Fund.

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are 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 and Child Care Funds.

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

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:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types (cont'd)

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

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.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

E. Encumbrances

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

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

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

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 2010-2011 and 2009-2010 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 represents 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 Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Transportation Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee 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 District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2011 consists of:

Capital Reserve	\$	203,935
Maintenance Reserve		50,000
Capital Projects		406,398
Debt Service		15,105
	\$	675,438

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

O. 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.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

**NOTE 2. 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 NJSA 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.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

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

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized 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 they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2011 appear in the financial statements as summarized below:

Cash		\$ <u>747,314</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 697,304
Enterprise Fund, Statement of Net Assets	B-4	7,905
Fiduciary Funds, Statement of Net Assets	B-7	<u>42,105</u>
Total Cash		\$ <u>747,314</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2011 is \$747,314 and the bank balance is \$1,030,487. Of the bank balance, \$258,466 is covered by federal depository insurance and \$772,021 is insured by GUDPA.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)**

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2011, the district has no investments.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 180,000			\$ 180,000
Construction in Progress		\$ 246,902		246,902
Total	<u>180,000</u>	<u>246,902</u>	<u>\$ -0-</u>	<u>426,902</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	106,142			106,142
Building & Improvements	4,805,833			4,805,833
Furniture & Equipment	212,402	12,202		224,604
Transportation Equipment	91,000		91,000	
Total	<u>5,215,377</u>	<u>12,202</u>	<u>91,000</u>	<u>5,136,579</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 4. CAPITAL ASSETS (Cont'd)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Accumulated Depreciation:				
Land Improvements	\$ 19,267	\$ 2,817		\$ 22,084
Building & Improvements	1,456,370	80,236		1,536,606
Furniture & Equipment	131,211	14,348		145,559
Transportation Equipment	91,000		\$ 91,000	
Total	<u>1,697,848</u>	<u>97,401</u>	<u>91,000</u>	<u>1,704,248</u>
Total Capital Assets, Being Depreciated, Net	<u>3,517,529</u>	<u>(85,199)</u>	<u>-0-</u>	<u>3,432,330</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,697,529</u>	<u>\$ 161,703</u>	<u>\$ -0-</u>	<u>\$ 3,859,232</u>
Business-Type Activities:				
Furniture & Equipment	\$ 26,775	\$ 3,244		\$ 30,019
Less: Accum Depreciation	<u>25,245</u>	<u>461</u>		<u>25,706</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,530</u>	<u>\$ 2,783</u>	<u>\$ -0-</u>	<u>\$ 4,313</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 47,426
Special Education	13,151
Other Special Instruction	5,777
Other Instruction	801
Support Services:	
Student & Instruction	16,102
General & Business Admin	10,716
School Administration	1,539
Plant Operations	<u>1,889</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 97,401</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2011 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 2,045,000		\$ 185,000	\$ 1,860,000	\$ 180,000
Unamortized Bond Premium	107,289		8,941	98,348	8,941
Compensated Absences Payable	<u>160,380</u>	\$ 23,205	<u>47,250</u>	<u>136,335</u>	<u>9,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,312,669</u>	<u>\$ 23,205</u>	<u>\$ 241,191</u>	<u>\$ 2,094,683</u>	<u>\$ 197,941</u>

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 annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 180,000	\$ 66,762	\$ 246,762
2013	185,000	63,162	248,162
2014	190,000	59,462	249,462
2015	190,000	54,238	244,238
2016	190,000	49,212	239,212
2017	185,000	43,012	228,012
2018	185,000	37,000	222,000
2019	185,000	27,750	212,750
2020	185,000	18,500	203,500
2021	<u>185,000</u>	<u>9,250</u>	<u>194,250</u>
Total	<u>\$ 1,860,000</u>	<u>\$ 428,348</u>	<u>\$ 2,288,348</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)**

General Obligation Bonds

General obligation school building bonds payable at June 30, 2011, with their outstanding balances are comprised of the following individual issues:

\$2,045,000-2010 refunding school building bonds, interest at 2.00% to 5.00% due in annual installments beginning February 15, 2011, through February 15, 2021	<u>\$ 1,860,000</u>
--	---------------------

The general obligation bonded debt of the District is limited by state law to 2.5% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2011 is \$11,472,133. General obligation debt at June 30, 2011 is \$1,860,000, resulting in a legal debt margin of \$9,612,133.

**NOTE 6. PENSION PLANS**

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pension and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

Description of Systems (cont'd)

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrrp](http://www.prudential.com/njdcrrp).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

Significant Legislation (cont'd)

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF, PERS and DCRP provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

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

<u>Year Funding</u>	<u>Post Retirement Benefit Costs</u>	<u>Percentage of APC Contributed</u>
06/30/11	\$ 151,862	100%
06/30/10	146,604	100%
06/30/09	130,343	100%

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
06/30/11	\$ 53,361	100%
06/30/10	47,008	100%
06/30/09	40,294	100%

During the year ended June 30, 2011, the State of New Jersey contributed \$145,034 to the TPAF for post-retirement medical benefits and \$6,828 for the non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$143,589 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 7. POST-RETIREMENT BENEFITS**

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Ch 126 benefits for 14,050 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

**Plan Description-**The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2010.pdf>

**Funding Policy-**Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 8. DEFERRED COMPENSATION**

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

Equitable Insurance Co  
Phoenix Home Life Mutual Insurance Co

**NOTE 9. INTERFUND RECEIVABLE AND PAYABLES**

The composition of Interfund balances at June 30, 2011 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 102,352	
Special Revenue Fund		\$ 102,352
	\$ 102,352	\$ 102,352

The amount due to the General Fund by the Special Revenue is a required loan due to delayed grant payments.

**NOTE 10. INVENTORY**

Inventory in the Food Service Fund June 30, 2011 consisted of the following:

Food	\$ 2,142
Supplies	475
	\$ 2,617

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 11. CONTINGENT LIABILITIES**

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

**NOTE 12. RISK MANAGEMENT**

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 13. LEGAL RESERVE ACCOUNTS**

A capital reserve account was established by the District by inclusion of \$1 on October 11, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to 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 deposited \$200,000 to their Capital Reserve account by board resolution in June 2011 as summarized in the following schedule.

The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Return Unused With- drawal	With- drawal	Ending Balance
Capital	\$ 251,661	\$ 200,000	\$ 267		\$ 247,993	\$ 203,935
Maintenance	50,000					50,000
Totals	<u>\$ 301,661</u>	<u>\$ 200,000</u>	<u>\$ 267</u>	<u>\$ -0-</u>	<u>\$ 247,993</u>	<u>\$ 253,935</u>

**NOTE 14. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 41,841	\$ 23,031
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	23,031	
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	203,935	251,661
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	50,000	50,000

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)**

	<u>2011</u>	<u>2010</u>
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	\$ 17,541	\$ 145,451
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>518,341</u>	<u>393,987</u>
Total Fund Balance	<u>\$ 854,689</u>	<u>\$ 864,130</u>

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$41,841.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 3,762,850		\$ 3,762,850	\$ 3,762,850	
Tuition	7,000		7,000	15,691	\$ 8,691
Tuition from Individuals	70,000		70,000	60,985	(9,015)
Interest on Investments	2,000		2,000	2,415	415
Interest Earned on Capital Reserve Funds	486		486	267	(219)
Miscellaneous-Unrestricted	30,000		30,000	26,329	(3,671)
Total	<u>3,872,336</u>	<u>\$ -</u>	<u>3,872,336</u>	<u>3,868,537</u>	<u>(3,799)</u>
State Sources:					
Categorical Special Education Aid	33,746	108,410	142,156	142,156	
Equalization Aid	569,752	(108,410)	461,342	461,342	
Extraordinary Aid				266,320	266,320
Nonpublic Transportation Aid				2,022	2,022
On-Behalf TPAF Payments				151,862	151,862
Reimbursed TPAF Social Security Contrib				143,589	143,589
Total	<u>603,498</u>	<u>-</u>	<u>603,498</u>	<u>1,167,291</u>	<u>563,793</u>
<b>TOTAL REVENUES</b>	<u><b>\$ 4,475,834</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,475,834</b></u>	<u><b>\$ 5,035,828</b></u>	<u><b>\$ 559,994</b></u>
<b>EXPENDITURES</b>					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	\$ 65,103	\$ 4,720	\$ 69,823	\$ 69,823	
Kindergarten	117,933	570	118,503	118,503	
Grades 1-5	887,931	7,993	895,924	895,924	
Grades 6-8	173,532	24,997	198,529	198,529	
Regular Program-Undistributed Instruction:					
Other Purchased Services	21,699	(5,216)	16,483	16,483	
General Supplies	94,069	25,951	120,020	74,811	\$ 45,209
Textbooks		14,046	14,046	14,046	
Other Objects	1,000	(246)	754	754	
Total	<u>1,361,267</u>	<u>72,815</u>	<u>1,434,082</u>	<u>1,388,873</u>	<u>45,209</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education:					
Resource Room/Center:					
Salaries of Teachers	\$ 180,137	\$ 7,145	\$ 187,282	\$ 185,105	\$ 2,177
Other Salaries for Instruction	191,503	13,125	204,628	203,198	1,430
Purchased Professional Educational Services		7,999	7,999	6,600	1,399
General Supplies	1,100	(17)	1,083	379	704
Total	372,740	28,252	400,992	395,282	5,710
Special Education:					
Home Instruction:					
Salaries of Teachers	500	20	520	20	500
Total	500	20	520	20	500
Total Special Education	373,240	28,272	401,512	395,302	6,210
Basic Skills for Remedial:					
Salaries of Teachers	166,587	(15,256)	151,331	151,293	38
General Supplies	2,381	2,943	5,324	2,997	2,327
Total	168,968	(12,313)	156,655	154,290	2,365
School Sponsored Co-curricular Activities:					
Salaries	10,000	(153)	9,847	9,788	59
Supplies and Materials	160	414	574	548	26
Other Objects	400	(261)	139		139
Total	10,560	-	10,560	10,336	224
Summer School-Instruction					
Salaries of Teachers	7,394		7,394	6,698	696
Other Salaries for Instruction	3,534		3,534	3,148	386
Purchased Professional & Technical Services	2,961	1,345	4,306	3,881	425
Total	13,889	1,345	15,234	13,727	1,507
Total Instruction Regular	\$ 1,927,924	\$ 90,119	\$ 2,018,043	\$ 1,962,528	\$ 55,515
Undistributed Expenditures:					
Instruction Tuition:					
Tuition to CSSD & Regional Day Schools	\$ 42,500	\$ 10,500	\$ 53,000	\$ 35,266	\$ 17,734
Tuition to Priv Sch For the Disabled W/ State	135,029	(27,757)	107,272	48,619	58,653
Total	177,529	(17,257)	160,272	83,885	76,387
Health Services:					
Salaries	59,395	9,282	68,677	68,328	349
Purchased Professional & Tech Services	450	(132)	318	259	59
Supplies and Materials	2,535	8	2,543	2,011	532
Total	62,380	9,158	71,538	70,598	940

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Guidance:					
Purchased Professional Educational Services	\$ 2,400		\$ 2,400	\$ 1,747	\$ 653
Supplies and Materials	1,130		1,130	1,000	130
Total	3,530	\$ -	3,530	2,747	783
Speech, Occup Therapy, Phys Therapy & Related Services:					
Salaries	80,095	(8,108)	71,987	71,687	300
Supplies & Materials	600		600	588	12
Total	80,695	(8,108)	72,587	72,275	312
Child Study Team:					
Salaries of Other Professional Staff	187,403	(22,771)	164,632	164,547	85
Salaries of Secretarial & Clerical Assistants	32,087		32,087	32,087	
Purchased Professional-Educational Services	33,960	(23,710)	10,250	606	9,644
Miscellaneous Purchased Services	350		350		350
Supplies & Materials	1,800	2,761	4,561	3,209	1,352
Other Objects	1,700	2,675	4,375	3,518	857
Total	257,300	(41,045)	216,255	203,967	12,288
Improvement of Instructional Services:					
Other Purchased Services	5,425	5,431	10,856	10,856	-
Instructional Staff Training Services:					
Other Purchased Services	2,300	(1,764)	536	72	464
Other Objects	1,800	4,600	6,400	1,409	4,991
Total	4,100	2,836	6,936	1,481	5,455
Educational Media Service for School Library:					
Salaries	5,878	3,044	8,922	8,922	
Purchased Professional & Technical Services	600	19,836	20,436	19,436	1,000
Supplies & Materials	1,325	(544)	781	72	709
Total	7,803	22,336	30,139	28,430	1,709
Support Services General Administration:					
Salaries	121,088		121,088	121,088	
Legal Services	5,000	11,232	16,232	16,232	
Audit Fees	13,500		13,500	13,500	
Purchased Technical Services		3,587	3,587		3,587
Communications & Telephone	4,100	656	4,756	3,431	1,325
Board of Education Other Purchased Services	300		300		300
Miscellaneous Purchased Services	4,900	800	5,700	4,635	1,065
General Supplies	4,000	2,189	6,189	4,075	2,114
Miscellaneous Expenditures	13,750	(1,800)	11,950	11,869	81
Total	166,638	16,664	183,302	174,830	8,472
Support Services School Administration:					
Salaries of Secretarial & Clerical Assistants	45,824		45,824	45,341	483
Supplies & Materials	2,000	4,782	6,782	918	5,864
Total	47,824	4,782	52,606	46,259	6,347

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Central Services:					
Salaries	\$ 116,838	\$ 7,615	\$ 124,453	\$ 123,802	\$ 651
Purchased Professional Services		3,218	3,218		3,218
Miscellaneous Purchased Services	1,672	(11)	1,661	1,637	24
Supplies and Materials	750	19	769	758	11
Interest on Current Loans	1,800	1,140	2,940	1,651	1,289
Total	121,060	11,981	133,041	127,848	5,193
Admin Info Technology:					
Purchased Technical Services		17,433	17,433	17,433	
Supplies		1,999	1,999	1,999	
Total	-	19,432	19,432	19,432	-
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance Services	14,050	4,614	18,664	18,356	308
Custodial Services:					
Salaries	140,045	2,983	143,028	143,028	
Purchased Professional & Technical Services	1,550		1,550	1,376	174
Cleaning, Repair & Maintenance Services	16,320	(2,133)	14,187	11,985	2,202
Insurance	34,150	(9,269)	24,881	24,611	270
Miscellaneous Purchased Services	5,475		5,475	4,758	717
General Supplies	18,000		18,000	17,387	613
Energy (Electricity)	72,000	(6,000)	66,000	59,948	6,052
Energy (Natural Gas)	61,000	(15,050)	45,950	28,098	17,852
Other Objects	550	705	1,255	1,017	238
Total	349,090	(28,764)	320,326	292,208	28,118
Student Transportation Services:					
Salaries of Non-Instructional Aides	16,550	2,942	19,492	17,096	2,396
Contracted Services (Between Home & School)-Vendors	88,689	6,494	95,183	94,948	235
Contracted Services (Between Home & School)-Joint Agreements	1,500	8,818	10,318	10,318	
Contracted Services (Special Education Students)-ESCs & CTSA's	47,356	(13,850)	33,506	33,506	
Contracted Services-Aid In Lieu of Payments Non Public School	11,000	(3,000)	8,000	6,011	1,989
Total	165,095	1,404	166,499	161,879	4,620
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	52,710	6,352	59,062	56,786	2,276
Other Retirement Contribution-PERS	48,000	6,500	54,500	46,949	7,551
Unemployment Compensation	14,000	(13)	13,987	11,815	2,172
Workmen's Compensation	32,000	(12,206)	19,794	19,564	230
Health Benefits	905,798	(5,505)	900,293	863,970	36,323
Tuition Reimbursement	16,500		16,500	12,172	4,328
Other Employee Benefits		44,623	44,623	44,623	
Total	1,069,008	39,751	1,108,759	1,055,879	52,880

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Payments				\$ 151,862	\$ (151,862)
Reimbursed TPAF Social Security Contrib				143,589	(143,589)
Total	\$ -	\$ -	\$ -	295,451	(295,451)
Total Undistributed Expenditures	\$ 2,531,527	\$ 43,215	\$ 2,574,742	\$ 2,666,381	\$ (91,639)
TOTAL CURRENT	\$ 4,459,451	\$ 133,334	\$ 4,592,785	\$ 4,628,909	\$ (36,124)
CAPITAL OUTLAY					
Facilities Acquisition & Construction Serv:					
Other Objects	\$ 15,897		\$ 15,897	\$ 15,897	
TOTAL CAPITAL OUTLAY	\$ 15,897	\$ -	\$ 15,897	\$ 15,897	\$ -
TRANSFER OF FUNDS TO CHARTER SCHOOLS	\$ -	\$ 12,118	\$ 12,118	\$ 8,483	\$ 3,635
TOTAL EXPENDITURES	\$ 4,475,348	\$ 145,452	\$ 4,620,800	\$ 4,653,289	\$ (32,489)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 486	\$ (145,452)	\$ (144,966)	\$ 382,539	\$ 527,505
Other Financing Sources (Uses):					
Transfers Out:					
Capital Outlay to Capital Projects		(143,987)	(143,987)	(143,987)	
Capital Reserve to Capital Projects		(247,993)	(247,993)	(247,993)	
Total Other Financing Sources (Uses)	-	(391,980)	(391,980)	(391,980)	-
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	486	(537,432)	(536,946)	(9,441)	527,505
Fund Balances, July 1	864,130		864,130	864,130	
Fund Balances, June 30	\$ 864,616	\$ (537,432)	\$ 327,184	\$ 854,689	\$ 527,505
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (145,451)	\$ (145,451)	\$ (145,451)	
Increase in Capital Reserve	\$ 486	(47,993)	(47,507)	(47,726)	\$ (219)
Budget Fund Balance		(343,988)	(343,988)	183,736	527,724
TOTAL	\$ 486	\$ (537,432)	\$ (536,946)	\$ (9,441)	\$ 527,505

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Capital Reserve	\$ 203,935	
Maintenance Reserve	50,000	
Excess Surplus:		
Prior Year-Designated for 2011-2012 Budget	23,031	
Current Year-Designated for 2012-2013 Budget	<u>41,841</u>	
		\$ 318,807
Committed Fund Balance:		
Year-end Encumbrances		17,541
Unassigned Fund Balance		<u>518,341</u>
		854,689
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payments not Recognized on GAAP Basis		<u>(53,985)</u>
Fund Balance Per Governmental Funds (GAAP)		<u><u>800,704</u></u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
EDUCATION JOBS FUND PROGRAM-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources	\$ 5,000	\$ 500	\$ 5,500	\$ 5,000	\$ (500)
Federal Sources	123,465	38,419	161,884	161,884	
<b>TOTAL REVENUES</b>	<u>\$ 128,465</u>	<u>\$ 38,919</u>	<u>\$ 167,384</u>	<u>\$ 166,884</u>	<u>\$ (500)</u>
<b>EXPENDITURES</b>					
Instruction:					
Other Salaries	\$ 17,988		\$ 17,988	\$ 17,988	
Purchased Professional & Technical Services	17		17	17	
Supplies & Materials	24,078	\$ 6,824	30,902	30,902	
Textbooks	5,744		5,744	5,744	
Totals	<u>47,827</u>	<u>6,824</u>	<u>54,651</u>	<u>54,651</u>	<u>\$ -</u>
Support Services:					
Employee Benefits	1,376	-	1,376	1,376	
Purchased Professional Educational Services	62,060	31,595	93,655	93,655	
Other Purchased Services		500	500		500
Cleaning, Repair & Maintenance Service	5,000	-	5,000	5,000	
Totals	<u>68,436</u>	<u>32,095</u>	<u>100,531</u>	<u>100,031</u>	<u>500</u>
Capital Outlay:					
Instructional Equipment	12,202		12,202	12,202	
<b>TOTAL EXPENDITURES</b>	<u>\$ 128,465</u>	<u>\$ 38,919</u>	<u>\$ 167,384</u>	<u>\$ 166,884</u>	<u>\$ 500</u>

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 5,035,828	\$ 166,884
Difference-Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	84,102	
State Aid Receivable Current Year	(53,985)	
Total Revenues (GAAP Basis)	\$ 5,065,945	\$ 166,884
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 4,653,289	\$ 166,884
Total Expenditures (GAAP Basis)	\$ 4,653,289	\$ 166,884

**OTHER SUPPLEMENTAL INFORMATION**

**SCHOOL LEVEL SCHEDULES**

(NOT APPLICABLE TO THIS REPORT)

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	REAP	NCLB TITLE I	NCLB TITLES IIA, IID & IV	IDEA Basic	IDEA Pre School	ARRA IDEA Basic	Local Grants	2010 Total
<b>REVENUES</b>								
Local Sources							\$ 5,000	5,000
Federal Sources	\$ 37,879	\$ 19,364	\$ 10,986	\$ 59,838	\$ 2,222	\$ 31,595		161,884
<b>TOTAL REVENUES</b>	<u>\$ 37,879</u>	<u>\$ 19,364</u>	<u>\$ 10,986</u>	<u>\$ 59,838</u>	<u>\$ 2,222</u>	<u>\$ 31,595</u>	<u>\$ 5,000</u>	<u>\$ 166,884</u>
<b>EXPENDITURES</b>								
Instruction:								
Other Salaries		\$ 17,988						17,988
Purchase Professional & Technical Services			\$ 17					17
Supplies & Materials	\$ 19,933		10,969					30,902
Textbooks	5,744							5,744
Total	<u>25,677</u>	<u>17,988</u>	<u>10,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>54,651</u>
Support Services:								
Employee Benefits		1,376						1,376
Purchase Professional Educational Services				59,838	2,222	31,595		93,655
Cleaning, Repair & Maintenance Service							5,000	5,000
Total	<u>-</u>	<u>1,376</u>	<u>-</u>	<u>59,838</u>	<u>2,222</u>	<u>31,595</u>	<u>5,000</u>	<u>100,031</u>
Capital Outlay:								
Instructional Equipment	12,202							12,202
<b>TOTAL EXPENDITURES</b>	<u>\$ 37,879</u>	<u>\$ 19,364</u>	<u>\$ 10,986</u>	<u>\$ 59,838</u>	<u>\$ 2,222</u>	<u>\$ 31,595</u>	<u>\$ 5,000</u>	<u>\$ 166,884</u>

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenues and Other Financing Sources:	
State Sources-NJSDA Grant	\$ 261,320
Operating Transfer In	391,980
	<hr/>
Total Revenues and Other Financing Sources:	653,300
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	50,261
Construction Services	196,035
Other Objects	606
	<hr/>
Total Expenditures and Other Financing Uses:	246,902
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	406,398
	<hr/>
Fund Balance-Beginning	-
	<hr/>
Fund Balance-Ending	<u>\$ 406,398</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS- BOILER AND WINDOW REPLACEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & Other Financing Sources:				
State Sources-SCC Grant		\$ 261,320	\$ 261,320	\$ 261,320
Local Sources:				
Operating Transfer-Capital Reserve		247,993	247,993	247,993
Operating Transfer-Capital Outlay		143,987	143,987	143,987
Total Revenues & Other Financing Sources	\$ -	653,300	653,300	653,300
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services		50,261	50,261	58,000
Construction Services		196,035	196,035	594,300
Other Objects		606	606	1,000
Total Expenditures & Other Financing Uses		246,902	246,902	653,300
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 406,398	\$ 406,398	\$ -

Additional Project Information:

Project Number	1620-050-10-1001
Authorization Date	09/13/10
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 653,300
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 653,300
Percentage Complete	37.79%

## **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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF FUND NET ASSETS  
ENTERPRISE FUND  
JUNE 30, 2011

	Food Service Fund	Child Care Program	Total
<b>ASSETS</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 6,113	\$ 1,792	\$ 7,905
Accounts Receivable		7,770	7,770
Receivable from Other Governments:			
Federal	776		776
State	118		118
Inventories	2,617		2,617
Total Current Assets	<u>9,624</u>	<u>9,562</u>	<u>19,186</u>
Fixed Assets:			
Capital Assets	30,019		30,019
Accumulated Depreciation	25,706		25,706
Total Fixed Assets	<u>4,313</u>	<u>-</u>	<u>4,313</u>
Total Assets	<u>13,937</u>	<u>9,562</u>	<u>23,499</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Deferred Revenue	943		943
Total Current Liabilities	<u>943</u>	<u>-</u>	<u>943</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	4,313		4,313
Unrestricted	8,681	9,562	18,243
TOTAL NET ASSETS	<u>\$ 12,994</u>	<u>\$ 9,562</u>	<u>\$ 22,556</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 ENTERPRISE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund	Child Care Program	Total
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	\$ 45,793		\$ 45,793
Daily Sales-Nonreimbursable Programs	15,586		15,586
Fees for Services		\$ 59,164	59,164
Total Operating Revenues	<u>61,379</u>	<u>59,164</u>	<u>120,543</u>
Operating Expenses:			
Cost of Sales	48,175		48,175
Salaries	18,637	33,659	52,296
Employee Benefits	4,890	30,283	35,173
Management Fee	8,000		8,000
Facility Use Fees		110	110
Other Purchased Services	3,555	56	3,611
General Supplies	3,139	550	3,689
Insurance	1,963		1,963
Repairs and Maintenance	572		572
Depreciation	461		461
Miscellaneous	125	346	471
Total Operating Expenses	<u>89,517</u>	<u>65,004</u>	<u>154,521</u>
Operating Income (Loss)	<u>(28,138)</u>	<u>(5,840)</u>	<u>(33,978)</u>
Nonoperating Revenues (Expenses):			
Federal Sources:			
National School Lunch Program	11,426		11,426
Food Distribution Program	17,173		17,173
State Sources:			
School Lunch Program	874		874
Other	49		49
Interest Income	21	47	68
Total Nonoperating Revenues (Expenses)	<u>29,543</u>	<u>47</u>	<u>29,590</u>
Change in Net Assets	1,405	(5,793)	(4,388)
Total Net Assets, Beginning	<u>11,589</u>	<u>15,355</u>	<u>26,944</u>
Total Net Assets, Ending	<u>\$ 12,994</u>	<u>\$ 9,562</u>	<u>\$ 22,556</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund	Child Care Program	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers	\$ 61,379	\$ 58,718	\$ 120,097
Payments to Employees and Benefits		(63,942)	(63,942)
Payments to Food Service Management Co	(74,293)		(74,293)
Payments to Vendors (Net)	(3,050)	(1,062)	(4,112)
Net Cash Provided by (Used For) Operating Activities	<u>(15,964)</u>	<u>(6,286)</u>	<u>(22,250)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Federal Sources	11,628		11,628
State Sources	885		885
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>12,513</u>	<u>-</u>	<u>12,513</u>
<b>Cash Flows from Capital Financing Activities:</b>			
Acquisition of Equipment	(3,244)		(3,244)
Net Cash Provided by (Used For) Capital Financing Activities	<u>(3,244)</u>	<u>-</u>	<u>(3,244)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest Income	21	47	68
Net Cash Provided by (Used For) Financing Activities	<u>21</u>	<u>47</u>	<u>68</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,674)	(6,239)	(12,913)
Cash and Cash Equivalents, July 1, 2010	<u>12,787</u>	<u>8,031</u>	<u>20,818</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 6,113</u>	<u>\$ 1,792</u>	<u>\$ 7,905</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</b>			
Operating Income (Loss)	\$ (28,138)	\$ (5,840)	\$ (33,978)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	461		461
Federal Food Distribution Program	16,462		16,462
(Increase) Decrease in Receivables		(446)	(446)
(Increase) Decrease in Inventory	167		167
Increase (Decrease) in Accounts Payable	(4,916)		(4,916)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (15,964)</u>	<u>\$ (6,286)</u>	<u>\$ (22,250)</u>

**FIDUCIARY FUND**  
**DETAIL STATEMENTS**

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	Medical Savings Section 125	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 10,361	\$ 9,652	\$ 22,092	\$ 42,105
TOTAL ASSETS	<u>10,361</u>	<u>9,652</u>	<u>22,092</u>	<u>42,105</u>
LIABILITIES				
Due to Student Groups		9,652		9,652
Payroll Deductions & Withholdings			22,092	22,092
TOTAL LIABILITIES	<u>-</u>	<u>9,652</u>	<u>22,092</u>	<u>31,744</u>
NET ASSETS				
Held in Trust for Section 125 Claims & Other Purposes	<u>\$ 10,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,361</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Medical Savings Section 125</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 19,225
Investment Earnings:	
Interest	<u>8</u>
Total Additions	19,233
DEDUCTIONS	
Medical Payments	<u>12,085</u>
Change in Net Assets	7,148
Net Assets, Beginning of the Year	<u>3,213</u>
Net Assets, End of the Year	<u><u>\$ 10,361</u></u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 STUDENT ACTIVITY AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance 07/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/11</u>
ASSETS				
Cash and Cash Equivalents	<u>\$ 5,494</u>	<u>\$ 36,321</u>	<u>\$ 32,163</u>	<u>\$ 9,652</u>
TOTAL ASSETS	<u>\$ 5,494</u>	<u>\$ 36,321</u>	<u>\$ 32,163</u>	<u>\$ 9,652</u>
LIABILITIES				
Due to Student Groups	<u>\$ 5,494</u>	<u>\$ 36,321</u>	<u>\$ 32,163</u>	<u>\$ 9,652</u>
TOTAL LIABILITIES	<u>\$ 5,494</u>	<u>\$ 36,321</u>	<u>\$ 32,163</u>	<u>\$ 9,652</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 176,382	\$ 3,016,022	\$ 3,170,312	\$ 22,092
Due from Other Funds	1,289		1,289	
<b>TOTAL ASSETS</b>	<u>\$ 177,671</u>	<u>\$ 3,016,022</u>	<u>\$ 3,171,601</u>	<u>\$ 22,092</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 171,257		\$ 171,257	
Payroll Deductions & Withholding	6,414	\$ 1,247,531	1,232,432	\$ 21,513
Net Payroll		1,768,491	1,767,912	579
<b>TOTAL LIABILITIES</b>	<u>\$ 177,671</u>	<u>\$ 3,016,022</u>	<u>\$ 3,171,601</u>	<u>\$ 22,092</u>

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/10	Issued	Retired	Balance 06/30/11
			Date	Amount					
Refunding School Bonds of 2010	02/15/10	\$ 2,045,000	02/15/12	\$ 180,000	2.00%				
			02/15/13	185,000	2.00%				
			02/15/14	190,000	2.75%				
			02/15/15	190,000	2.75%				
			02/15/16	190,000	2.75%				
			02/15/17	185,000	3.25%				
			02/15/18	185,000	5.00%				
			02/15/19	185,000	5.00%				
			02/15/20	185,000	5.00%				
			02/15/21	185,000	5.00%				
						\$ 2,045,000		\$ 185,000	\$ 1,860,000
						\$ 2,045,000	\$ -	\$ 185,000	\$ 1,860,000

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 257,454		\$ 257,454	\$ 257,454	
Total Revenues	<u>257,454</u>	<u>\$ -</u>	<u>257,454</u>	<u>257,454</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest	97,454	(25,000)	72,454	57,349	15,105
Redemption of Principal	160,000	25,000	185,000	185,000	
Total Expenditures	<u>257,454</u>	<u>-</u>	<u>257,454</u>	<u>242,349</u>	<u>15,105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	15,105	15,105
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,105</u>	<u>\$ 15,105</u>

**STATISTICAL SECTION**

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2004; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>GOVERNMENT ACTIVITIES</b>								
Invested in Capital Assets, Net of Related Debt	\$ 959,555	\$ 1,175,971	\$ 1,318,639	\$ 1,438,150	\$ 1,467,982	\$ 1,518,088	\$ 1,545,240	\$ 1,999,232
Restricted	335,265	156,303	95,766	8,788	8,546	251,551	301,661	675,438
Unrestricted	123,217	246,896	123,915	95,335	80,273	110,718	349,158	330,829
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<b><u>\$ 1,418,037</u></b>	<b><u>\$ 1,579,170</u></b>	<b><u>\$ 1,538,320</u></b>	<b><u>\$ 1,542,273</u></b>	<b><u>\$ 1,556,801</u></b>	<b><u>\$ 1,880,357</u></b>	<b><u>\$ 2,196,059</u></b>	<b><u>\$ 3,005,499</u></b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Invested in Capital Assets, Net of Related Debt	\$ 2,218	\$ 1,444	\$ 670	\$ 2,104	\$ 1,242	\$ 1,721	\$ 1,530	\$ 4,313
Restricted								
Unrestricted	12,878	742	9,663	12,752	3,219	16,759	25,414	18,243
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b><u>\$ 15,096</u></b>	<b><u>\$ 2,186</u></b>	<b><u>\$ 10,333</u></b>	<b><u>\$ 14,856</u></b>	<b><u>\$ 4,461</u></b>	<b><u>\$ 18,480</u></b>	<b><u>\$ 26,944</u></b>	<b><u>\$ 22,556</u></b>
<b>DISTRICT-WIDE</b>								
Invested in Capital Assets, Net of Related Debt	\$ 961,773	\$ 1,177,415	\$ 1,319,309	\$ 1,440,254	\$ 1,469,224	\$ 1,519,809	\$ 1,546,770	\$ 2,003,545
Restricted	335,265	156,303	95,766	8,788	8,546	251,551	301,661	675,438
Unrestricted	136,095	247,638	133,578	108,087	83,492	127,477	374,572	349,072
<b>TOTAL DISTRICT-WIDE</b>	<b><u>\$ 1,433,133</u></b>	<b><u>\$ 1,581,356</u></b>	<b><u>\$ 1,548,653</u></b>	<b><u>\$ 1,557,129</u></b>	<b><u>\$ 1,561,262</u></b>	<b><u>\$ 1,898,837</u></b>	<b><u>\$ 2,223,003</u></b>	<b><u>\$ 3,028,055</u></b>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>EXPENSES</b>								
Governmental Activities:								
Instruction:								
Regular	\$ 1,712,404	\$ 2,006,354	\$ 2,210,028	\$ 2,409,390	\$ 2,487,167	\$ 2,427,118	\$ 2,219,596	\$ 2,135,097
Special Education	480,239	351,620	423,157	455,683	452,966	321,046	503,788	642,525
Other Instruction	200,817	324,479	259,108	264,954	268,194	268,764	304,343	274,074
Support Services:								
Tuition	74,537	89,610	84,539	93,089	118,303	122,852	128,310	83,885
Student & Instruction Related Services	510,350	425,170	512,329	637,971	630,649	674,266	665,251	650,921
General & Business Administrative Services	309,330	295,704	293,767	363,179	387,243	447,549	517,578	447,691
School Administration	121,652	118,900	74,154	83,374	68,504	47,067	49,669	69,281
Plant Operations & Maintenance	326,002	378,855	343,911	384,422	481,864	415,028	468,117	383,317
Pupil Transportation	224,229	217,422	232,873	199,227	276,489	277,866	285,642	170,156
Special Schools	9,618	12,301	14,859	20,568	21,206	14,281	17,061	
Transfer to Charter Schools								8,483
Interest on Long-Term Debt	136,604	130,021	124,989	119,729	114,160	108,141	79,236	76,733
Total Governmental Activities Expenses	<u>4,105,782</u>	<u>4,350,436</u>	<u>4,573,714</u>	<u>5,031,586</u>	<u>5,306,745</u>	<u>5,123,978</u>	<u>5,238,591</u>	<u>4,942,163</u>
Business-Type Activities:								
Food Services	84,858	105,557	113,435	109,798	84,075	91,343	91,675	89,517
Child Care	47,948	54,472	55,304	88,967	111,573	88,799	83,277	65,004
Total Business-Type Activities	<u>132,806</u>	<u>160,029</u>	<u>168,739</u>	<u>198,765</u>	<u>195,648</u>	<u>180,142</u>	<u>174,952</u>	<u>154,521</u>
<b>TOTAL DISTRICT EXPENSES</b>	<u>\$ 4,238,588</u>	<u>\$ 4,510,465</u>	<u>\$ 4,742,453</u>	<u>\$ 5,230,351</u>	<u>\$ 5,502,393</u>	<u>\$ 5,304,120</u>	<u>\$ 5,413,543</u>	<u>\$ 5,096,684</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES								
Governmental Activities:								
Charges for Services	\$ 69,780	\$ 71,504	\$ 138,061	\$ 138,083	\$ 119,317	\$ 123,529	\$ 100,230	\$ 100,933
Operating Grants & Contributions	316,394	170,276	133,586	192,685	175,318	135,132	158,022	166,884
Total Governmental Activities Program Revenues	<u>386,174</u>	<u>241,780</u>	<u>271,647</u>	<u>330,768</u>	<u>294,635</u>	<u>258,661</u>	<u>258,252</u>	<u>267,817</u>
Business-Type Activities:								
Charges for Services:								
Food Service	62,702	64,270	65,831	73,364	66,313	69,869	71,210	61,379
Child Care	50,383	50,988	62,082	84,999	100,492	100,432	86,138	59,164
Operating Grants & Contributions	21,831	23,861	25,654	22,891	17,906	23,672	26,569	29,522
Total Business-Type Activities Program Revenues	<u>134,916</u>	<u>139,119</u>	<u>153,567</u>	<u>181,254</u>	<u>184,711</u>	<u>193,973</u>	<u>183,917</u>	<u>150,065</u>
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 521,090</u>	<u>\$ 380,899</u>	<u>\$ 425,214</u>	<u>\$ 512,022</u>	<u>\$ 479,346</u>	<u>\$ 452,634</u>	<u>\$ 442,169</u>	<u>\$ 417,882</u>
NET (EXPENSE) REVENUES								
Governmental Activities	\$ (3,719,608)	\$ (4,108,656)	\$ (4,302,067)	\$ (4,700,818)	\$ (5,012,110)	\$ (4,865,317)	\$ (4,980,339)	\$ (4,674,346)
Business-Type Activities	2,110	(20,910)	(15,172)	(17,511)	(10,937)	13,831	8,965	(4,456)
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (3,717,498)</u>	<u>\$ (4,129,566)</u>	<u>\$ (4,317,239)</u>	<u>\$ (4,718,329)</u>	<u>\$ (5,023,047)</u>	<u>\$ (4,851,486)</u>	<u>\$ (4,971,374)</u>	<u>\$ (4,678,802)</u>
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS								
Governmental Activities:								
Property Taxes Levied for General Purposes	\$ 2,594,461	\$ 2,840,586	\$ 2,930,480	\$ 3,229,209	\$ 3,481,557	\$ 3,705,084	\$ 3,721,912	\$ 3,762,850
Taxes Levied for Debt Service	241,604	241,879	241,930	241,754	246,092	250,504	254,204	257,454
Unrestricted Grants & Contributions	844,592	1,056,384	1,091,604	1,236,138	1,288,391	1,230,621	1,339,432	1,197,408
Capital Grant-Unallocated			260					261,320
Investment Earnings	2,502	3,676	7,978	11,751	9,200	2,455	3,056	2,682
Miscellaneous Income	53,047	2,631	12,284	291	1,398	209	447	2,072
Special Item-Payment to Refunding Bond Agent							(23,010)	
Operating Transfer	(17,000)	(8,000)	(23,319)	(21,572)				
Contracts & Accounts Payable Adjustment	62,866			7,200				
Total Governmental Activities	<u>3,782,072</u>	<u>4,137,156</u>	<u>4,261,217</u>	<u>4,704,771</u>	<u>5,026,638</u>	<u>5,188,873</u>	<u>5,296,041</u>	<u>5,483,786</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)								
Business-Type Activities:								
Investment Earnings				\$ 462	\$ 542	\$ 188	\$ 111	\$ 68
Prior Year Refunds							(612)	
Transfers		\$ 8,000	\$ 23,319	21,572				
Total Business-Type Activities	\$ -	8,000	23,319	22,034	542	188	(501)	68
TOTAL DISTRICT-WIDE	<u>\$ 3,782,072</u>	<u>\$ 4,145,156</u>	<u>\$ 4,284,536</u>	<u>\$ 4,726,805</u>	<u>\$ 5,027,180</u>	<u>\$ 5,189,061</u>	<u>\$ 5,295,540</u>	<u>\$ 5,483,854</u>
CHANGE IN NET ASSETS								
Governmental Activities	\$ 62,464	\$ 28,500	\$ (40,850)	\$ 3,953	\$ 14,528	\$ 323,556	\$ 315,702	\$ 809,440
Business-Type Activities	2,110	(12,910)	8,147	4,523	(10,395)	14,019	8,464	(4,388)
TOTAL DISTRICT	<u>\$ 64,574</u>	<u>\$ 15,590</u>	<u>\$ (32,703)</u>	<u>\$ 8,476</u>	<u>\$ 4,133</u>	<u>\$ 337,575</u>	<u>\$ 324,166</u>	<u>\$ 805,052</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST EIGHT FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved	\$ 685	\$ 87,575	\$ 115,330	\$ 91,950	\$ 31,042	\$ 307,944	\$ 470,143	\$ 336,348
Unreserved	327,648	235,668	163,938	184,715	221,989	249,977	309,885	464,356
Total General Fund	<u>\$ 328,333</u>	<u>\$ 323,243</u>	<u>\$ 279,268</u>	<u>\$ 276,665</u>	<u>\$ 253,031</u>	<u>\$ 557,921</u>	<u>\$ 780,028</u>	<u>\$ 800,704</u>
All Other Governmental Funds:								
Unreserved, Reported In:								
Capital Projects Fund	\$ 240,092	\$ 223,218	\$ 94,094	\$ 7,114	\$ 7,114	\$ 114		\$ 406,398
Debt Service Fund	1	1	262	262				15,105
Total All Other Governmental Funds	<u>\$ 240,093</u>	<u>\$ 223,219</u>	<u>\$ 94,356</u>	<u>\$ 7,376</u>	<u>\$ 7,114</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 421,503</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Tax Levy	\$ 2,099,027	\$ 2,474,432	\$ 2,836,065	\$ 3,082,465	\$ 3,172,410	\$ 3,470,963	\$ 3,727,649	\$ 3,955,588	\$ 3,976,116	\$ 4,020,304
Tuition Charges	49,504	53,646	69,780	50,244	116,322	114,525	95,403	98,658	75,359	76,676
Interest Earnings	48,254	6,858	2,502	3,676	7,978	11,751	9,200	2,455	3,056	2,682
Miscellaneous	24,859	25,735	53,048	23,891	34,023	31,049	26,312	25,080	30,318	31,329
State Sources	860,521	910,811	1,010,798	1,061,127	1,099,757	1,237,015	1,290,446	1,230,621	1,238,336	1,197,408
State Sources-Capital Projects					260					261,320
Federal Sources	67,273	72,291	150,187	165,533	125,433	191,808	172,263	135,132	254,118	161,884
<b>Total Revenues</b>	<b>3,149,438</b>	<b>3,543,773</b>	<b>4,122,380</b>	<b>4,386,936</b>	<b>4,556,183</b>	<b>5,057,111</b>	<b>5,321,273</b>	<b>5,447,534</b>	<b>5,577,303</b>	<b>5,751,603</b>
<b>Expenditures:</b>										
Instruction:										
Regular Instruction	1,048,813	1,162,669	1,244,950	1,394,392	1,513,426	1,593,485	1,627,135	1,633,579	1,438,717	1,388,873
Special Education Instruction	186,138	181,828	236,978	194,486	271,798	264,361	264,553	222,233	362,337	395,302
Other Special Instruction	125,698	153,558	148,776	219,659	156,287	167,200	169,495	176,692	178,187	154,290
Other Instruction	12,115	5,950	7,773	8,607	11,636	9,379	8,266	8,566	12,805	24,063
Support Services:										
Tuition	48,999	57,999	74,537	89,610	84,539	93,089	118,303	122,852	128,310	83,885
Student & Instruction Related Services	332,424	342,664	345,219	333,126	334,493	401,542	396,519	428,555	409,758	390,354
General Administration	147,077	137,806	147,784	157,389	169,921	172,858	171,078	187,281	211,684	174,830
School Administration Services	83,332	83,320	86,672	90,304	65,071	66,478	43,759	44,140	48,112	46,259
Central Services / Business	64,296	77,593	82,631	83,472	93,120	93,828	109,611	117,383	119,384	127,848
Administrative Information Technology										19,432
Plant Operations & Maintenance	168,846	254,813	311,311	337,481	324,076	335,131	427,941	364,843	411,902	310,564
Pupil Transportation	158,212	196,726	224,229	199,655	201,287	172,870	255,096	272,961	279,341	161,879
Employee Benefits	322,332	395,317	489,752	585,899	684,929	792,156	870,287	869,111	1,012,320	1,055,879
On-Behalf TPAF Pension & Soc Sec Contributions	119,197	193,901	218,883	224,521	278,094	416,086	440,248	294,978	304,388	295,451
Special Schools	9,678	10,193	9,617	11,360	13,580	20,568	21,206	13,834	16,526	
Transfer to Charter Schools										8,483
Capital Outlay				5,015		4,672			9,199	
Capital Projects	194,005	469,909	(45,620)	18,068	127,930	86,980		7,000	114	246,902
Special Revenue Funds	87,086	94,352	154,187	170,276	133,586	192,685	175,318	135,132	158,022	166,884
Debt Service:										
Principal	100,000	100,000	105,000	110,000	115,000	120,000	130,000	140,000	150,000	185,000
Interest & Other Charges	145,604	141,104	136,604	131,879	126,929	121,754	116,354	110,504	104,204	73,246
<b>Total Expenditures</b>	<b>3,353,852</b>	<b>4,059,702</b>	<b>3,979,283</b>	<b>4,365,199</b>	<b>4,705,702</b>	<b>5,125,122</b>	<b>5,345,169</b>	<b>5,149,644</b>	<b>5,355,310</b>	<b>5,309,424</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(204,414)	(515,929)	143,097	21,737	(149,519)	(68,011)	(23,896)	297,890	221,993	442,179
Other Financing Sources (Uses):										
Transfers Out	(8,000)	(11,000)	(17,000)	(8,000)	(23,319)	(21,572)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(8,000)</b>	<b>(11,000)</b>	<b>(17,000)</b>	<b>(8,000)</b>	<b>(23,319)</b>	<b>(21,572)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (212,414)</b>	<b>\$ (526,929)</b>	<b>\$ 126,097</b>	<b>\$ 13,737</b>	<b>\$ (172,838)</b>	<b>\$ (89,583)</b>	<b>\$ (23,896)</b>	<b>\$ 297,890</b>	<b>\$ 221,993</b>	<b>\$ 442,179</b>
Debt Service as a Percentage of Non-capital Expenditures	8.43%	7.20%	6.39%	5.90%	5.58%	5.05%	4.83%	5.12%	4.99%	5.38%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.  
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005  
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Interest Income	\$ 48,251	\$ 6,858	\$ 1,952	\$ 2,482	\$ 7,978	\$ 11,751	\$ 9,200	\$ 2,455	\$ 3,056	\$ 2,682
Tuition	49,505	53,646	69,780	50,244	116,322	114,525	95,403	98,658	75,359	76,676
Building Use Fees	10,424	15,481	15,946	21,260	21,739	23,558	23,914	24,871	24,871	24,258
Prior Year Refunds	1,999	130	29,663	4,879	11,400	51	325	77		2,071
Miscellaneous	11,408	7,617	7,439		884	15	5		447	
Donations				271		225	293	132		
Sale of Surplus Equipment				2,914						
Accounts Payable Cancelled						7,200				
Prior Year Differences				(5,433)						
Asbestos Litigation							775			
<b>Annual Totals</b>	<b>\$ 121,587</b>	<b>\$ 83,732</b>	<b>\$ 124,780</b>	<b>\$ 76,617</b>	<b>\$ 158,323</b>	<b>\$ 157,325</b>	<b>\$ 129,915</b>	<b>\$ 126,193</b>	<b>\$ 103,733</b>	<b>\$ 105,687</b>

Source: District Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 10,266,800	\$ 7,343,800	\$ 6,446,100	\$ 6,415,300	\$ 6,750,600	\$ 6,937,700	\$ 6,012,600	\$ 6,267,600	\$ 5,875,000	\$ 6,258,200
Residential	147,311,000	167,544,500	281,424,600	282,125,400	284,086,600	288,425,300	292,976,100	294,741,100	294,234,600	291,200,700
Farm Regular	24,665,200	25,684,800	45,455,700	45,366,500	46,589,100	47,296,000	48,390,200	48,434,700	51,517,400	53,529,700
Q Farm	2,832,777	2,791,377	5,214,055	5,195,405	5,198,525	5,121,825	5,110,225	5,055,805	5,093,305	5,029,405
Commercial	15,000,536	21,694,700	33,094,200	32,808,300	32,616,800	32,616,800	32,985,700	33,199,300	33,139,800	32,839,800
Industrial	17,587,000	17,587,000	25,757,900	26,257,900	28,866,100	28,866,100	31,274,600	31,199,800	31,199,800	31,024,800
Apartment	396,900	396,900	617,500	306,300	306,300	306,300	306,300	306,300	306,300	306,300
<b>Total Assessed Value</b>	<b>218,060,213</b>	<b>243,043,077</b>	<b>398,010,055</b>	<b>398,475,105</b>	<b>404,414,025</b>	<b>409,570,025</b>	<b>417,055,725</b>	<b>419,204,605</b>	<b>421,366,205</b>	<b>420,188,905</b>
Public Utilities (a)	1,008,542	1,055,104	1,171,527	1,081,481	1,053,317	966,940	949,522	969,682	1,010,638	942,686
<b>Net Valuation Taxable</b>	<b>\$ 219,068,755</b>	<b>\$ 244,098,181</b>	<b>\$ 399,181,582</b>	<b>\$ 399,556,586</b>	<b>\$ 405,467,342</b>	<b>\$ 410,536,965</b>	<b>\$ 418,005,247</b>	<b>\$ 420,174,287</b>	<b>\$ 422,376,843</b>	<b>\$ 421,131,591</b>
Estimated Actual County Equalized Value	\$ 253,733,473	\$ 291,100,123	\$ 346,516,477	\$ 373,453,320	\$ 412,227,879	\$ 459,604,905	\$ 480,024,399	\$ 470,783,514	\$ 470,614,867	\$ 442,040,087
<b>Percentage of Net Valuation to Estimated Actual County Equalized Value</b>	<b>86.34%</b>	<b>83.85%</b>	<b>115.20%</b>	<b>106.99%</b>	<b>98.36%</b>	<b>89.32%</b>	<b>87.08%</b>	<b>89.25%</b>	<b>89.75%</b>	<b>95.27%</b>
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 1.13</b>	<b>\$ 1.16</b>	<b>\$ 0.77</b>	<b>\$ 0.79</b>	<b>\$ 0.86</b>	<b>\$ 0.91</b>	<b>\$ 0.96</b>	<b>\$ 0.94</b>	<b>\$ 0.95</b>	<b>\$ 0.96</b>

\*

Source: 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 the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

\* Revalued/Reassessed

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate				Regional School Debt	Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County	Fire District	
			Total Direct School Tax Rate						
2002	\$ 1.02	\$ 0.11	\$ 1.13	\$ 0.91	\$ 0.15	\$ 0.84		\$ 3.03	
2003	1.06	0.10	1.16	0.91	0.15	0.81		3.03	
2004	* 0.71	0.06	0.77	0.61	0.13	0.59		2.10	
2005	0.73	0.06	0.79	0.66	0.17	0.61		2.23	
2006	0.80	0.06	0.86	0.67	0.18	0.64		2.35	
2007	0.85	0.06	0.91	0.75	0.18	0.69		2.53	
2008	0.90	0.06	0.96	0.75	0.20	0.70		2.61	
2009	0.88	0.06	0.94	0.80	0.23	0.69		2.66	
2010	0.89	0.06	0.95	0.87	0.24	0.69		2.75	
2011	0.92	0.04	0.96	0.89	0.24	0.67		2.76	

Sources: Municipal Tax Collector

**NOTE:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

\* Revalued/Reassessed

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS,  
 CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas Pipeline	\$ 17,917,900	1	4.25%	\$ 4,909,436	2	2.24%
ISE America	9,981,100	2	2.37%	8,949,700	1	4.09%
Franklin Realty Group	9,275,200	3	2.20%	3,878,400	3	1.77%
Franklin Realty Group	5,958,100	4	1.41%			
Viking Development Co	2,313,400	5	0.55%			
J.W.D Farms, LLC	1,950,700	6	0.46%		7	0.00%
Elizabethtown Gas Company	1,451,700	7	0.34%	1,141,500	6	0.52%
Individual Property Owner	1,290,600	8	0.31%		8	0.00%
Victaulic Reh, LLC	1,122,300	9	0.27%			
Individual Property Owner	1,109,100	10	26.00%			
Toll NJ III LP				3,059,400	4	1.40%
United Jersey Project				1,889,400	5	0.86%
New Jersey Bell				1,120,468	7	0.51%
Asbury Graphite Mills, Inc				979,600	8	0.45%
Mindel Trust				826,100	9	0.38%
Carpenter Realty				750,000	10	0.34%
	<u>\$ 52,370,100</u>		<u>38.17%</u>	<u>\$ 27,504,004</u>		<u>12.55%</u>

Source: Municipal Tax Assessor

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2001	\$ 6,054,158	\$ 5,801,926	95.83%
2002	7,094,648	6,822,315	96.16%
2003	7,648,028	7,453,778	97.46%
2004	8,423,461	8,187,049	97.19%
2005	9,028,475	8,818,737	97.68%
2006	9,663,991	9,366,240	96.92%
2007	10,519,675	10,097,610	95.99%
2008	10,972,721	10,549,194	96.14%
2009	11,265,721	10,844,048	96.26%
2010	11,669,010	11,310,905	96.93%

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

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is (a) required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	\$ 3,054,000		\$ 9,030			\$ 3,063,030	3.12%	\$ 1,034
2003	2,954,000					2,954,000	2.81%	951
2004	2,849,000					2,849,000	2.62%	903
2005	2,739,000					2,739,000	2.43%	866
2006	2,624,000					2,624,000	2.25%	831
2007	2,504,000					2,504,000	2.02%	795
2008	2,374,000					2,374,000	1.81%	757
2009	2,234,000					2,234,000	1.66%	714
2010	2,045,000					2,045,000	1.54%	655
2011	1,860,000					1,860,000	N/A	596

**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

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 3,154,000	\$ -	\$ 3,154,000	1.57%	\$ 1,064
2002	3,054,000		3,054,000	1.39%	983
2003	2,954,000		2,954,000	1.21%	936
2004	2,849,000		2,849,000	0.71%	901
2005	2,739,000		2,739,000	0.69%	868
2006	2,624,000		2,624,000	0.65%	833
2007	2,504,000		2,504,000	0.61%	799
2008	2,374,000		2,374,000	0.57%	759
2009	2,234,000		2,234,000	0.53%	716
2010	2,045,000		2,045,000	0.48%	655
2011	1,860,000		1,860,000	0.44%	5,813

**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.
- \* Revalued/Reassessed

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2010

GOVERNMENTAL UNIT	Gross Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 3,572,022	100.00	\$ 3,572,022
Regional High School	27,959,000	16.17	4,521,352
County General Obligation Debt	21,978,877	3.47	761,881
Subtotal, Overlapping Debt			8,855,255
School District Direct Debt			2,045,000
Total Direct and Overlapping Debt			<u>\$ 10,900,255</u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages  
Provided by the County Board of Taxation. Debt Outstanding Data  
Provided by Each Governmental Unit.

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 the Municipality. 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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION,  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis										
		2010	\$	442,286,349							
		2009		467,080,340							
		2008		467,289,328							
				<u>\$ 1,376,656,017</u>							
		Average Equalized Valuation of Taxable Property									
				<u>\$ 458,885,339</u>							
		Debt Limit (2.5% of Average Equalization Value)								\$	11,472,133 (a)
		Total Net Debt Applicable to Limit									<u>1,860,000</u>
		Legal Debt Margin								\$	<u>9,612,133</u>
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$	5,157,771	\$ 5,711,416	\$ 6,715,741	\$ 7,903,075	\$ 9,129,589	\$ 10,248,551	\$ 11,068,555	\$ 11,586,640	\$ 11,705,894	\$ 11,472,133
Total Net Debt Applicable		<u>3,054,000</u>	<u>2,954,000</u>	<u>2,849,000</u>	<u>2,804,723</u>	<u>2,624,000</u>	<u>2,504,000</u>	<u>2,374,000</u>	<u>2,234,000</u>	<u>2,045,000</u>	<u>1,860,000</u>
Legal Debt Margin	\$	<u>2,103,771</u>	<u>\$ 2,757,416</u>	<u>\$ 3,866,741</u>	<u>\$ 5,098,352</u>	<u>\$ 6,505,589</u>	<u>\$ 7,744,551</u>	<u>\$ 8,694,555</u>	<u>\$ 9,352,640</u>	<u>\$ 9,660,894</u>	<u>\$ 9,612,133</u>
Total Net Debt Applicable to the Limit as a Percent- age of Debt Limit		59.21%	51.72%	42.42%	35.49%	28.74%	24.43%	21.45%	19.28%	17.47%	16.21%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey,  
 Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population ( a )</u>	<u>Personal Income ( b )</u>	<u>Per Capita Personal Income ( c )</u>	<u>Unemployment Rate ( d )</u>
2002	3,107	\$ 105,156,415	\$ 33,845	6.5%
2003	3,156	108,929,340	34,515	7.0%
2004	3,162	112,497,636	35,578	5.2%
2005	3,156	116,399,592	36,882	2.9%
2006	3,149	124,221,752	39,448	3.1%
2007	3,135	131,444,280	41,928	2.9%
2008	3,128	134,422,672	42,974	3.9%
2009	3,120	133,008,720	42,631	6.9%
2010	3,120	N/A	N/A	7.2%
2011	N/A	N/A	N/A	N/A

Sources:

- ( a ) Population Information Provided by the NJ Dept of Labor and Workforce Development
- ( b ) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- ( c ) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.
- ( d ) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:										
Regular	29.2	31.6	32.6	37.0	37.4	39.0	42.2	41.2	41.4	34.8
Special Education	1.8	4.7	4.7	2.0	3.0	4.3	4.7	4.7	4.7	4.0
Support Services:										
General Administration	2.2	1.5	2.0	1.5	1.5	1.5	2.0	1.5	2.0	2.0
School Administrative Services		3.2	4.1	3.3	2.8	4.0	2.0	2.0	1.0	1.0
Other Administrative Services	1.5	1.6	1.6	2.1	2.0	1.8	2.0	2.0	3.0	1.5
Administrative Information Technology	1.0	0.8	0.8	0.4						
Plant Operations and Maintenance	2.0	3.0	3.0	3.6	5.0	4.0	4.0	3.5	3.5	3.3
Pupil Transportation	0.3	0.8	1.6	2.0	2.3	2.3	2.6	2.6	2.6	0.4
Other Support Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total</b>	<b>39.0</b>	<b>48.2</b>	<b>51.4</b>	<b>52.9</b>	<b>55.0</b>	<b>57.9</b>	<b>60.5</b>	<b>58.5</b>	<b>59.2</b>	<b>48.0</b>

Sources: District Personnel Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ( a )	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment ( ADE ) ( c )	Average Daily Attendance ( ADA ) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	352	\$ 2,914,243	\$ 8,279	3.15%	34.0	1 to 10.35	339.5	325.4	2.48%	95.85%
2003	376	3,348,689	8,906	7.57%	36.0	1 to 10.44	365.7	351.2	7.72%	96.04%
2004	391	3,783,299	9,676	8.64%	36.7	1 to 10.65	391.3	374.5	7.00%	95.71%
2005	380	4,100,237	10,790	11.51%	38.2	1 to 9.95	380.1	362.0	-2.86%	95.24%
2006	399	4,335,843	10,867	0.71%	38.0	1 to 10.5	399.0	381.4	4.97%	95.59%
2007	385	4,791,716	12,446	14.53%	35.1	1 to 10.97	394.7	374.4	-1.08%	94.86%
2008	348	5,098,815	14,652	17.72%	37.6	1 to 10.51	347.8	332.3	-11.88%	95.54%
2009	337	4,892,140	14,517	-0.92%	36.0	1 to 8.73	340.8	326.9	-2.01%	95.92%
2010	336	5,091,793	15,154	4.39%	26.4	1 to 11.51	318.0	302.9	-6.69%	95.25%
2011	304	4,804,276	15,804	4.29%	23.3	1 to 13.05	294.3	280.1	-7.45%	95.17%

Source: District Records

( a ) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

( b ) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

( c ) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Elementary (1960)</u>										
Square Feet	32,995	47,552	47,552	47,552	47,552	47,552	47,552	47,552	47,552	47,552
Capacity (Students)	279	367	367	367	367	367	367	367	367	367
Enrollment	334	358	377	382	384	385	348	337	336	304
Number of Schools at June 30, 2011:										
Elementary	1									
Middle School	0									
High School	0									
Other	0									

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

\*School Facilities

	Amount	Total
2002	\$ 9,996	\$ 9,996
2003	18,542	18,542
2004	39,587	39,587
2005	34,014	34,014
2006	17,931	17,931
2007	30,162	30,162
2008	50,707	50,707
2009	14,054	14,054
2010	27,437	27,437
2011	18,356	18,356
	<hr/>	<hr/>
Total School Facilities	<u>\$ 260,786</u>	<u>\$ 260,786</u>

\* School Facilities as Defined Under EFCFA.  
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2011  
(UNAUDITED)

	<u>Coverage</u>
School Package Policy-NJ School Boards Assoc:	
Property-Blanket Building & Contents (Policy Limit)	\$ 300,000,000
Comprehensive General Liability (Policy Limit)	16,000,000
Automobile Liability (Policy Limit)	16,000,000
Employee Benefits (Policy Limit)	16,000,000
Flood (Policy Limit)	50,000,000
Earthquake (Policy Limit)	50,000,000
School Board Legal Liability-NJ School Boards Assoc:	
Directors and Officers Policy (Policy Limit)	16,000,000
Public Employees' Faithful Performance- NJ School Boards Assoc:	
Treasurer of School Monies Bond	200,000
Business Administrator's Bond	200,000
Blanket Bond	250,000

Source: District Records

**SINGLE AUDIT SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

INDEPENDENT AUDITORS' 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

October 28, 2011

Honorable President and  
Members of the Board of Education  
Franklin Township School  
County of Warren, New Jersey

We have audited the financial statements of the Board of Education of the Franklin School District in the County of Warren as of and for the year ended June 30, 2011, and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR 04-04

October 28, 2011

Honorable President and  
Members of the Board of Education  
Franklin Township School  
County of Warren, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Franklin School District in the County of Warren, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2011. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

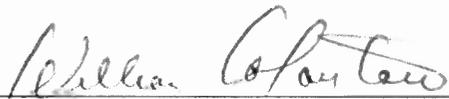
The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit we considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our audit procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

  
\_\_\_\_\_  
William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE SCHEDULE A  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2011		
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education:													
General Fund:													
Education Jobs Fund	84.410A	ARRA-162011	\$ 27,872	8/10/2010-9/30/2012									
Total General Fund:													
					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title IA	84.010A	NCLB 162011	19,364	9/01/2010-8/31/2011			14,787	19,364				(4,577)	
NCLB Title II A	84.367A	NCLB 162011	4,145	9/01/2010-8/31/2011				4,145				(4,145)	
NCLB Title II A	84.367A	NCLB 162010	8,545	9/01/2009-8/31/2010	(2,332)		8,070	6,213				(475)	
NCLB Title II A	84.367A	NCLB 162009	8,142	9/01/2008-8/31/2009	(4,223)		4,223						
NCLB Title II D	84.318X	NCLB 162011	17	9/01/2010-8/31/2011			17	17					
NCLB Title IV	84.186A	NCLB 162010	611	9/01/2009-8/31/2010	611			611					
NCLB Title IV	84.186A	NCLB 162009	732	9/01/2008-8/31/2009	(732)		732						
ARRA IDEA Basic	84.391	ARRA-162010	62,350	9/01/2009-8/31/2011	(30,755)		30,755	31,595				(31,595)	
IDEA Pre School	84.173	IDEA 162011	2,222	9/01/2010-8/31/2011				2,222				(2,222)	
IDEA Basic	84.027	IDEA 162011	59,838	9/01/2010-8/31/2011				59,838				(59,838)	
Rural Education Achievement Prog	84.358B	S358A 103563	37,879	7/01/2010-9/30/2011			37,879	37,879					
Total Special Revenue Fund					(37,431)	-	96,463	161,884	-	-		(102,852)	-
US Department of Agriculture Passed Through State Department of Agriculture:													
Enterprise Fund:													
Food Distribution Program	10.550 -	N/A	12,525	7/01/2009-6/30/2010	1,654			1,654					
Food Distribution Program	10.550 -	N/A	16,462	7/01/2010-6/30/2011			16,462	15,519				943	
National School Lunch Program	10.555	N/A	13,782	7/01/2009-6/30/2010	(978)		978						
National School Lunch Program	10.555	N/A	11,426	7/01/2010-6/30/2011			10,650	11,426				(776)	
Total Enterprise Fund					676	-	28,090	28,599	-	-		(776)	943
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (36,755)	\$ -	\$ 124,553	\$ 190,483	\$ -	\$ -	\$ (103,628)	\$ 943	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2010 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2011			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<b>State Department of Education</b>												
<b>General Fund:</b>												
Transportation Aid	10-495-034	\$ 74,027	7/01/2009-									
	5120-014		6/30/2010	\$ (9,554)	\$ 9,554							
Equalization Aid	11-495-034	461,342	7/01/2010-									
	5120-078		6/30/2011		420,073	\$ 461,342		\$ (41,269)			\$ (41,269)	\$ 461,342
Equalization Aid	10-495-034	414,915	7/01/2009-									
	5120-078		6/30/2010	(53,549)	53,549							
Special Education Aid	10-495-034	149,264	7/01/2009-									
	5120-089		6/30/2010	(19,264)	19,264							
Special Education Aid	11-495-034	142,156	7/01/2010-									
	5120-089		6/30/2011		129,440	142,156		(12,716)			(12,716)	142,156
Security Aid	10-495-034	13,445	7/01/2009-									
	5120-084		6/30/2010	(1,735)	1,735							
Extraordinary Special Education Costs	11-100-034	266,320	7/01/2010-									
	5120-473		6/30/2011			266,320		(266,320)			(266,320)	266,320
Extraordinary Special Education Costs	10-100-034	211,468	7/01/2009-									
	5120-473		6/30/2010	(211,468)	211,468							
Nonpublic School Transportation	10-495-034	3,390	7/01/2009-									
	5120-014		6/30/2010	(3,390)	3,390							
Nonpublic School Transportation	11-495-034	2,022	7/01/2010-									
	5120-014		6/30/2011			2,022		(2,022)			(2,022)	2,022
Reimbursement TPAF Social Security Contributions	11-495-034	143,589	7/01/2010-									
	5095-002		6/30/2011		117,829	143,589		(25,760)			(25,760)	143,589
Reimbursement TPAF Social Security Contributions	10-495-034	157,784	7/01/2009-									
	5095-002		6/30/2010	(77,219)	77,219							
On-Behalf TPAF-Post Retirement Medical	11-495-034	145,034	7/01/2010-									
	5095-001		6/30/2011		145,034	145,034						145,034
On-Behalf TPAF-Non-Contributory Insurance	11-495-034	6,828	7/01/2010-									
	5095-007		6/30/2011		6,828	6,828						6,828
<b>Total General Fund</b>				<u>(376,179)</u>	<u>1,195,383</u>	<u>1,167,291</u>	<u>\$ -</u>	<u>(348,087)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(348,087)</u>	<u>1,167,291</u>
<b>Capital Projects Fund:</b>												
NJSDA Grant-Boiler and Window Replacement	1620-050-10-1001	261,320										
						98,761		(261,320)	162,559		(98,761)	98,761
<b>Total Capital Projects Fund:</b>				<u>-</u>	<u>-</u>	<u>98,761</u>	<u>-</u>	<u>(261,320)</u>	<u>162,559</u>	<u>-</u>	<u>(98,761)</u>	<u>98,761</u>
<b>State Department of Agriculture</b>												
<b>Enterprise Fund</b>												
State School Lunch Program	10-100-010-3350-023	1,108	7/01/2009-									
			6/30/2010	(80)	80							
State School Lunch Program	11-100-010-3350-023	923	7/01/2010-									
			6/30/2011		805	923		(118)			(118)	923
<b>Total Enterprise Fund</b>				<u>(80)</u>	<u>885</u>	<u>923</u>	<u>-</u>	<u>(118)</u>	<u>-</u>	<u>-</u>	<u>(197,640)</u>	<u>198,445</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<u>\$ (376,259)</u>	<u>\$ 1,196,268</u>	<u>\$ 1,266,975</u>	<u>\$ -</u>	<u>\$ (609,525)</u>	<u>\$ 162,559</u>	<u>\$ -</u>	<u>\$ (644,488)</u>	<u>\$ 1,464,497</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2011

**NOTE 1. GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Franklin Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

**NOTE 3. RELATIONSHIP OF GENERAL-PURPOSE FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$30,117 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,197,408	\$ 1,197,408
Special Revenue Fund	\$ 161,884		161,884
Food Service Fund	28,599	923	29,522
Capital Projects Fund		98,761	98,761
	<u>\$ 190,483</u>	<u>\$ 1,297,092</u>	<u>\$ 1,487,575</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2011  
(Continued)

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

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contribution 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, 2011.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unqualified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

2. Reportable conditions identified

that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   No

Noncompliance Material to General-Purpose  
Financial Statements Noted?

\_\_\_\_\_ Yes      X   No

Federal Awards

NOT APPLICABLE

Internal Control Over Major Programs:

1. Material weakness(es) identified?

\_\_\_\_\_ Yes    \_\_\_\_\_ No

2. Reportable conditions identified

that are not considered to be material weaknesses?

\_\_\_\_\_ Yes    \_\_\_\_\_ No

Type of Auditor's Report Issued on Compliance  
for Major Programs?

\_\_\_\_\_

Any Audit Findings Disclosed that are Required  
to be Reported in Accordance with Section .510  
(a) of Circular A-133?

\_\_\_\_\_ Yes    \_\_\_\_\_ No

Identification of Major Programs:

CFDA Numbers

Amount

Name of Federal Program

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \_\_\_\_\_

Auditee qualified as a low-risk auditee \_\_\_\_\_ Yes \_\_\_\_\_ No

State Awards

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee X Yes \_\_\_\_\_ No

Type of Auditor's Report Issued on Compliance  
for Major Programs: Unqualified

Internal Control Over Major Programs:

1. Material weakness(es) identified? \_\_\_\_\_ Yes X No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses? \_\_\_\_\_ Yes X No

Any Audit Findings Disclosed That are Required  
to be Reported in Accordance with NJ OMB  
Circular Letter 04-04? \_\_\_\_\_ Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
11-495-034-5120-078	\$ 461,342	Equalization Aid
11-100-034-5120-473	266,320	Extraordinary Special Education Costs

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2011.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL  
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2011.

FRANKLIN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

K-7

There were no prior year findings or questioned costs.