

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Somerset, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Franklin Township Public Schools

Somerset, New Jersey

For The Fiscal Year Ended June 30, 2012

Prepared by

Business Office

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-v
Organizational Chart	vi
Roster of Officials	vii
Consultants and Advisors	viii
Certificate of Achievement for Excellent in Financial Reporting	ix

FINANCIAL SECTION

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-16

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Assets	17
A-2 Statement of Activities	18-19

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	22

Proprietary Funds

B-4 Statement of Net Assets	23
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	24
B-6 Statement of Cash Flows	25

Fiduciary Funds

B-7 Statement of Fiduciary Net Assets	26
B-8 Statement of Changes in Fiduciary Net Assets	27

Notes to the Basic Financial Statements	28-53
--	--------------

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1 Budgetary Comparison Schedule – General Fund	54-60
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Not Applicable	61
C-1b1 Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Education Jobs Fund – Budget and Actual	62
C-2 Budgetary Comparison Schedule – Special Revenue Fund	63
C-3 Budgetary Comparison Schedule – Notes to the Required Supplementary Information	64

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II (Continued)

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules (Not Applicable)

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	65-66
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis	67-68

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	69
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	70
F-2a – F-2p	Schedule of Project Revenues, Expenditures and Project Balances and Project Status – Budgetary Basis	71-86

G. Proprietary Funds

Enterprise Fund

G-1	Statement of Net Assets	87
G-2	Statement of Revenues, Expenses and Changes in Net Assets	88
G-3	Statement of Cash Flows	89

Internal Service Fund – Not Applicable

H. Fiduciary Funds

H-1	Combining Statement of Net Assets	90
H-2	Combining Statement of Changes in Net Assets – Not Applicable	91
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	91
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	92

I. Long-Term Debt

I-1	Schedule of Serial Bonds	93
I-2	Schedule of Obligations under Capital Leases – Not Applicable	94
I-3	Debt Service Fund Budgetary Comparison Schedule	95

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS**

Page

J. STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Assets by Component	96
J-2	Changes in Net Assets	97-98
J-3	Fund Balances – Governmental Funds	99
J-4	Changes in Fund Balances – Governmental Funds	100
J-5	General Fund Other Local Revenue by Source	101

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	102
J-7	Property Tax Rates	103
J-8	Principal Property Taxpayers	104
J-9	Property Tax Levies and Collections	105

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	106
J-11	Ratios of Net General Bonded Debt Outstanding	107
J-12	Direct and Overlapping Government Activities Debt	108
J-13	Legal Debt Margin Information	109

Demographic and Economic Information

J-14	Demographic Statistics	110
J-15	Principal Employers	111

Operating Information

J-16	Full Time Equivalent District Employees by Function/Program	112
J-17	Operating Statistics	113
J-18	School Building Information	114-115
J-19	Schedule of Required Maintenance for School Facilities	116
J-20	Schedule of Insurance	117-119

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	120-121
K-2	Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04-Independent Auditor's Report	122-123
K-3	Schedule of Expenditures of Federal Awards	124-125
K-4	Schedule of Expenditures of State Financial Assistance	126-127
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	128-129
K-6	Schedule of Findings and Questioned Costs	130-142
K-7	Summary Schedule of Prior Year Findings and Questioned Costs	143

INTRODUCTORY SECTION

FRANKLIN TOWNSHIP PUBLIC SCHOOLS

1755 Amwell Road
Somerset, New Jersey 08873-2746

Telephone: 732-873-2400
Fax: 732-873-8416

JOHN CALAVANO
ASSISTANT SUPERINTENDENT FOR BUSINESS
BOARD SECRETARY

November 14, 2012

Honorable President and
Members of the Board of Education
Franklin Township School District
1755 Amwell Road
Somerset, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Franklin Township School District (District) for the fiscal year ended June 30, 2012 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 (Board). 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Franklin Township Public School's MD&A can be found immediately following the "Independent Auditor's Report".

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 independent auditor's report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "*Audits of State and Local Governments*" and the state Treasury Circular Letter 04-04 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

The Franklin Township Public School District is a Pre-K-12 educational system, comprised of nine (9) schools, approximately eight thousand (8,000) students and approximately one thousand two hundred (1,200) staff.

The school system provides a comprehensive educational program including: advanced placement courses, academic intervention services, bilingual instruction in Spanish and Gujarati, English as a second language, differentiated instruction, and special education.

Extended day programs are offered at all schools and include academic enrichment, tutorial support, performing arts groups, and recreational activities. A fee-based before and after school child care program is provided in grades K-6. At the secondary level an extensive interscholastic athletic program for individual and team sports and a wide variety of co-curricular activities including a performing arts program composed of an orchestra, marching, concert, and jazz bands, guitar ensemble, chorus, madrigal singers, art exhibits and theatrical productions.

ECONOMIC CONDITION AND OUTLOOK

Franklin Township is experiencing a period of growth and expansion. The 2000 census of Franklin Township indicated a population of 50,903. The 2010 census of Franklin Township indicated a population of 62,300. This represents a 22.4% increase in the population over a ten (10) year period.

The school district has annually engaged the services of an education consultant to conduct an enrollment projection. The consultant's report to the Board of Education is on file with the District.

MAJOR BUILDING PROJECTS/RENOVATIONS 2011-2012

The status of major building projects and/or renovations for the 2011-2012 school year is as follows:

- Elizabeth Ave. School – Roof repairs, \$8,475
- Elizabeth Ave. School – Renovated boys & girls bathrooms, \$26,700
- Franklin High School – Repaired underground feeder cable for athletic field panel, \$18,500
- Franklin Middle School – Removed and replaced 2420 sq. ft. of concrete, \$16,940
- Franklin Middle School – Repaired multiple roof leaks, \$43,900
- Franklin Park School – Roof repairs, \$18,031
- Hillcrest School – Re-Roofing Project, \$155,000
- Hillcrest School – Roof Repairs, \$15,961
- Hillcrest School – Masonry repair work to outside wall, \$38,940
- MacAfee Road School – Roof repairs, \$18,722
- Pine Grove Manor School – Installed new playground equipment, \$20,000
- Sampson G. Smith School – Removed and replaced 2420 sq. ft. of concrete, \$16,940
- Sampson G. Smith School – Re-Roofing Project, \$244,000

MAJOR ACCOMPLISHMENTS

Special congratulations to the nine teachers selected as recipients of the Franklin Township Teacher of the Year Recognition Award. The recipients for 2011-2012 are:

David Whitman	Franklin High School
Nicholas Solomon	Franklin Middle School
Theresa Seggio	Sampson G. Smith School
Angela Bartizal	Franklin Park School
Carla Choy	Elizabeth Avenue School
Rosemary Vanora	Conerly Road School
Elizabeth Kuhn	Hillcrest School
Sarah DiGeronimo	MacAfee Road School
Rodney Wilkerson	Pine Grove Manor School

ANNUAL STANDARDIZED TESTING REPORT – 2011-2012

Franklin Township Public Schools issues an annual test report based on academic assessments of all students in testing years (grades 3-8, 11).

Under the Federal requirements of No Child Left Behind, our district administers State assessments in grades 3, 4, 5, 6, 7 and 8 (NJ Assessment of Skills and Knowledge) and 11 (High School Proficiency Assessment). The test results are disaggregated by the following indicators: total population, students with disabilities, limited English proficient, economically disadvantaged, as well as ethnic subgroups.

A comprehensive report, which is on file in the office of the Superintendent, is issued annually to the public and Board of Education. A copy is included in the district Quality Single Accountability Continuum Report as required by the State.

INTERNAL ACCOUNTING 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 are 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 that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal 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 related 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.

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. Budgets approved for capital improvement projects are accounted for in the capital projects 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute, as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA") or on deposit with the New Jersey Cash Management Fund. GUDPA was enacted in 1970 to protect government 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.

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. The District is self-insured for workers' compensation. An independent company administers benefit claims for the District self-insurance plan. A schedule of insurance in force at June 30, 2010 is included in the statistical section of this report.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements and combining individual fund 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.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Franklin Township School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This is the fifteenth consecutive year that the District received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

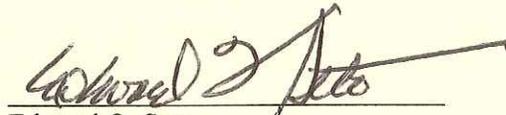
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

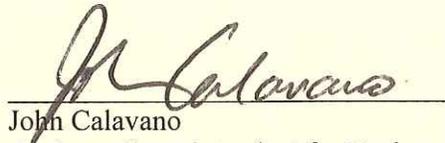
ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Franklin Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

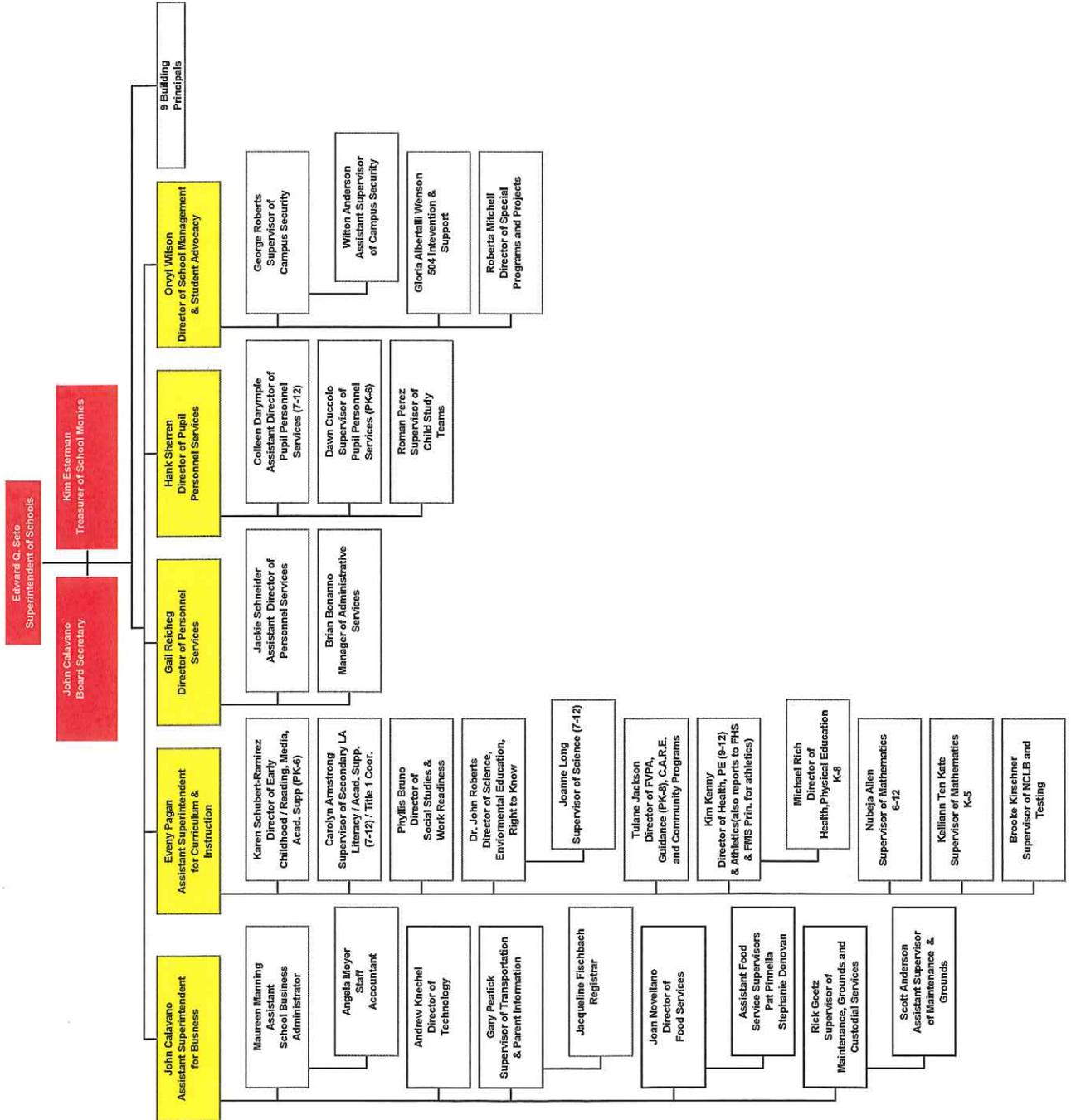


Edward Q. Seto
Superintendent of Schools



John Calavano
Assistant Superintendent for Business

Franklin Township Board of Education Organizational Chart



FRANKLIN TOWNSHIP SCHOOL DISTRICT
Somerset, New Jersey

ROSTER OF OFFICIALS
June 30, 2012

Members of the Board of Education	Term Expires
Teletha A. Brown, President	2012
Julia M. Presley, Vice President	2013
Richard E. Arline	2012
Devlin Burton	2014
Nancy LaCorte	2012
Thomas J. Lewis	2013
Eva M. Nagy	2014
Richard Seamon	2013
Keisha Smith-Carrington	2014

Other Officials

Edward Q. Seto, Superintendent

John Calavano, Assistant Superintendent for Business/Board Secretary

Kim Esterman, Treasurer

Russell Weiss, Jr., Esq., Solicitor

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Architect

Design Resources Group, AIA, Inc.
2 Worlds Fair Drive, Suite 205
Somerset, NJ 08873

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208 North
Fair Lawn, NJ 07410

Attorney

Parker McCay, P.A.
Building Four East, Suite 102A
1009 Lenox Drive
Lawrenceville, NJ 08648

Official Depositories

Bank of America
630 Franklin Boulevard
Somerset, NJ 08873

TD Bank
3221 Route 27
Franklin Park, NJ 08823

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Franklin Township
Public Schools, New Jersey

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morille

President

Jeffrey R. Egan

Executive Director

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Franklin Township Public Schools
Somerset, 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 Franklin Township Public Schools as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting. Accordingly, we express no such opinion. 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 opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof 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 our report dated November 14, 2012 on our consideration of the Franklin Township Public Schools' 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township Public Schools' basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by 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", and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Jerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

DJ

Donna J. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
November 14, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

This section of the Franklin Township Public Schools' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-2012 fiscal year include the following:

- The assets of the Franklin Township Public Schools exceeded its liabilities at the close of the fiscal year by \$47,003,029 (net assets).
- Overall revenues were \$153,491,472. General revenues accounted for \$127,906,554 or 83% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$25,584,918 or 17% of total revenues.
- The school district had \$144,254,709 in expenses for governmental activities; only \$21,825,677 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$127,904,308 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,939,181.
- The General Fund fund balance at June 30, 2012 was \$5,048,929 an increase of \$2,416,366 when compared with the beginning balance at July 1, 2011.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

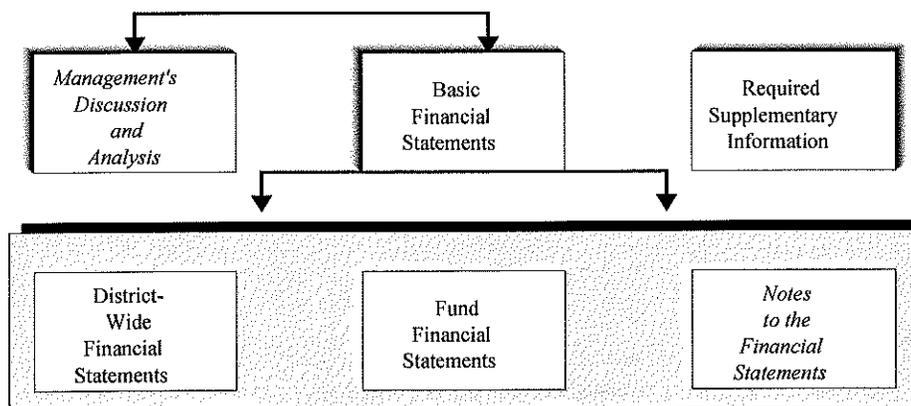
OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance, food service and community education.	Activities the district operates similar to private businesses: Enterprise funds	Instances in which the district administers resources on behalf of someone else, such as Unemployment, Payroll Agency, and Student Activities
Required financial statements	Statements of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenue, expenses, and changes in fund net assets Statement of cash flows	Statements of fiduciary net assets Statement of changes in fiduciary net assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be utilized and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

District-Wide Financial Statements (continued)

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund, Cultural Arts Recreation Enrichment Fund (C.A.R.E.) Fund and Adult School Fund are included under this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Fund Financial Statements (continued)

Enterprise Funds – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has three enterprise funds.

- Food Service (Cafeteria)
- Adult School
- Cultural Arts Recreation Enrichment (C.A.R.E.)

• *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$47,003,029 as of June 30, 2012. See Table A-1.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1
Net Assets
As of June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current Assets	\$ 8,003,416	\$ 9,180,567	\$ 1,418,991	\$ 1,785,511	\$ 9,422,407	\$ 10,966,078
Capital Assets	<u>82,982,998</u>	<u>83,593,502</u>	<u>335,719</u>	<u>252,883</u>	<u>83,318,717</u>	<u>83,846,385</u>
Total Assets	<u>90,986,414</u>	<u>92,774,069</u>	<u>1,754,710</u>	<u>2,038,394</u>	<u>92,741,124</u>	<u>94,812,463</u>
Long-Term Liabilities	42,222,729	45,946,115			42,222,729	45,946,115
Other Liabilities	<u>3,109,249</u>	<u>6,526,608</u>	<u>406,117</u>	<u>764,855</u>	<u>3,515,366</u>	<u>7,291,463</u>
Total Liabilities	<u>45,331,978</u>	<u>52,472,723</u>	<u>406,117</u>	<u>764,855</u>	<u>45,738,095</u>	<u>53,237,578</u>
Net Assets						
Invested in capital assets, net of related debt	43,767,111	41,107,004	335,719	252,883	44,102,830	41,359,887
Restricted	2,418,650	494,561			2,418,650	494,561
Unrestricted	<u>(531,325)</u>	<u>(1,300,219)</u>	<u>1,012,874</u>	<u>1,020,653</u>	<u>481,549</u>	<u>(279,566)</u>
Total Net Assets	<u>\$ 45,654,436</u>	<u>\$ 40,301,346</u>	<u>\$ 1,348,593</u>	<u>\$ 1,273,536</u>	<u>\$ 47,003,029</u>	<u>\$ 41,574,882</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

**Table A-2
Change in Net Assets
For The Fiscal Years Ended June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	\$ 170,457	\$ 151,906	\$ 2,096,230	\$ 2,108,501	\$ 2,266,687	\$ 2,260,407
Operating Grants and Contributions	21,655,220	19,604,323	1,663,011	1,494,268	23,318,231	21,098,591
Capital Grants and Contributions		238,951				238,951
General Revenues						
Property Taxes	121,746,383	118,778,423			121,746,383	118,778,423
State and Federal Aid	5,394,973	5,635,918			5,394,973	5,635,918
Other	762,952	472,730	2,246	2,427	765,198	475,157
Total Revenues	<u>149,729,985</u>	<u>144,882,251</u>	<u>3,761,487</u>	<u>3,605,196</u>	<u>153,491,472</u>	<u>148,487,447</u>
Expenses						
Instruction						
Regular	52,508,130	51,187,383			52,508,130	51,187,383
Special Education	25,023,891	25,441,211			25,023,891	25,441,211
Vocational Education-Tuition	250,761	313,672			250,761	313,672
School Sponsored Activities and Athletics	1,754,456	1,552,538			1,754,456	1,552,538
Other Instruction	5,248,842	4,702,223			5,248,842	4,702,223
Support Services						
Student and Instruction Related Services	19,962,740	19,965,665			19,962,740	19,965,665
School Administrative Services	6,372,457	5,950,228			6,372,457	5,950,228
General Administrative Services	2,279,687	2,201,551			2,279,687	2,201,551
Plant Operations and Maintenance	13,224,205	14,312,598			13,224,205	14,312,598
Pupil Transportation	13,034,098	12,834,232			13,034,098	12,834,232
Business and Other Support Services	2,737,984	2,636,473			2,737,984	2,636,473
Interest on Long-Term Debt	1,857,458	1,991,040			1,857,458	1,991,040
Food Service	-		2,791,092	2,666,604	2,791,092	2,666,604
Other-Business Activities	-	-	889,255	958,231	889,255	958,231
Total Expenses	<u>144,254,709</u>	<u>143,088,814</u>	<u>3,680,347</u>	<u>3,624,835</u>	<u>147,935,056</u>	<u>146,713,649</u>
Change in Net Assets	5,475,276	1,793,437	81,140	(19,639)	5,556,416	1,773,798
Net Assets, Beginning of Year	40,301,346	38,507,909	1,273,536	1,293,175	41,574,882	39,801,084
Prior Period Adjustment-Capital Assets, Net	<u>(122,186)</u>	<u>-</u>	<u>(6,083)</u>	<u>-</u>	<u>(128,269)</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 45,654,436</u>	<u>\$ 40,301,346</u>	<u>\$ 1,348,593</u>	<u>\$ 1,273,536</u>	<u>\$ 47,003,029</u>	<u>\$ 41,574,882</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$149,729,985 for the year ended June 30, 2012, a 3 percent increase from the previous year. Property taxes of \$121,746,383 represented 81% of revenues. Another portion of revenues came from State aid; total State, Federal and formula aid was \$27,050,193. The balance of revenues is charges for transportation services (\$4,862), charges for tuition (\$165,595) and miscellaneous income (\$762,952) which includes items such as investment earnings, prior year refunds, etc.

The total cost of all governmental activities programs and services was \$144,254,709. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$84,786,080 (59%) of total expenditures. Student and Instruction Related Services totaled \$19,962,740 or (14%) of total expenditures (See Table A-4).

Total governmental activities revenues exceed expenses resulting in net assets increasing \$5,475,276 from the previous year.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2012

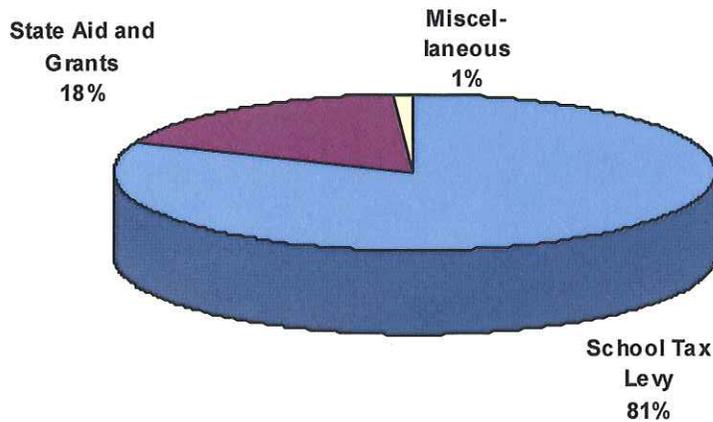
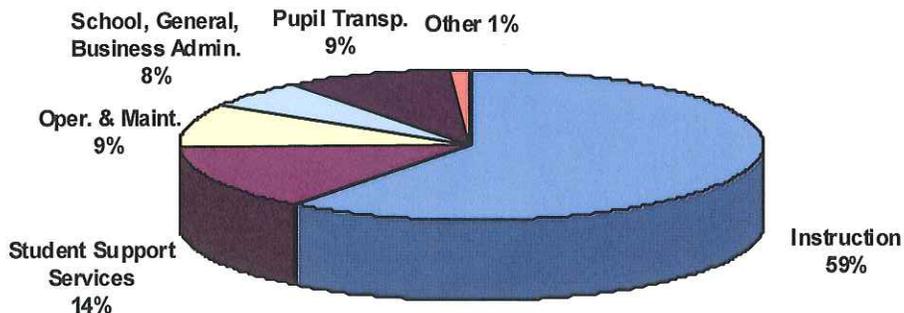


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2012



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Net Cost of Governmental Activities. The District's total cost of services was \$144,254,709. After applying program revenues, derived from charges for services of \$170,457 and operating grants and contributions of \$21,655,220, the net cost of services of the District is \$122,429,032. See Table A-5.

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 52,508,130	\$ 51,187,383	\$ 44,519,345	\$ 43,324,027
Special Education	25,023,891	25,441,211	16,275,774	17,905,120
Vocational Education-Tuition	250,761	313,672	250,761	313,672
School Sponsored Activities and Athletics	1,754,456	1,552,538	1,572,933	1,053,551
Other Instruction	5,248,842	4,702,223	4,608,766	4,554,477
Support Services				
Student and Instruction Related Services	19,962,740	19,965,665	17,940,824	17,382,377
School Administrative Services	6,372,457	5,950,228	5,963,429	5,598,818
General Administrative Services	2,279,687	2,201,551	2,279,687	2,201,551
Plant Operations and Maintenance	13,224,205	14,312,598	11,868,017	13,831,648
Pupil Transportation	13,034,098	12,834,232	12,554,054	12,300,880
Business and Other Support Services	2,737,984	2,636,473	2,737,984	2,636,473
Interest on Long-Term Debt	1,857,458	1,991,040	1,857,458	1,991,040
Total	<u>\$ 144,254,709</u>	<u>\$ 143,088,814</u>	<u>\$ 122,429,032</u>	<u>\$ 123,093,634</u>

Business-Type Activities – The District's total business-type activities revenues were \$3,761,487 for the year ended June 30, 2012. Charges for services accounted for 56% of total revenues. Operating grants and contributions of \$1,663,011 accounted for 44% of total revenue for the year. The balance of the revenues, \$2,246, represents investment earnings.

The total cost of all business-type activities programs and services was \$3,680,347. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of C.A.R.E. and adult education programs within the District.

Total business-type activities revenues exceeded expenses increasing net assets by \$81,140 over the last year.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2012, its governmental funds reported a combined fund balance of \$4,939,181. At June 30, 2011, the fund balance was \$2,657,674.

Revenues and other financing sources for the District's governmental funds were \$149,729,985, while total expenditures were \$147,448,478 for the fiscal year ended June 30, 2012.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Tax Levy	\$ 116,566,508	\$ 113,522,271	\$ 3,044,237	3%
Interest	20,304	104,097	(83,793)	-80%
State/Federal Sources	22,093,072	19,377,867	2,715,205	14%
Miscellaneous	<u>902,981</u>	<u>520,540</u>	<u>382,441</u>	73%
Total General Fund Revenues	<u>\$ 139,582,865</u>	<u>\$ 133,524,775</u>	<u>\$ 6,058,090</u>	5%

Total General Fund Revenues increased by \$6,058,090 or 5% over the previous year.

Local property taxes increased 3% over the previous year. State and federal aid revenues increased \$2,715,205 or 14% predominantly attributable to additional state aid allotments from the year ended June 30, 2011.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Interest income revenues significantly decreased due to a considerable decrease in interest rates on bank balances and slightly lower available cash balances.

Miscellaneous revenues increased due to onetime revenues such as cancellation of prior year payables and refunds on prior year expenditures as well as an increase in tuition received from the State of New Jersey and other LEAs.

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended June 30, 2012</u>	<u>Year Ended June 30, 2011</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Instruction	\$ 79,708,052	\$ 77,623,214	\$ 2,084,838	3%
Support and Undistributed Services	56,196,338	55,920,298	276,040	0%
Capital Outlay	<u>906,179</u>	<u>155,050</u>	<u>751,129</u>	484%
Total Expenditures	<u>\$ 136,810,569</u>	<u>\$ 133,698,562</u>	<u>\$ 3,112,007</u>	2%

Total General Fund expenditures increased \$3,112,007 or 2% from the previous year.

In 2011-2012, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,416,366. As a result, total fund balance increased to \$5,048,929 at June 30, 2012. After deducting statutory transfers and reserves, the unrestricted, unassigned fund balance increases from a deficit of \$161,953 at June 30, 2011 to a balance of \$537,201.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$4,957,121 for the year ended June 30, 2012. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 54% of the total revenue for the year.

Total Special Revenue Fund revenues decreased \$905,252 or 15% from the previous year. State sources increased \$664,079 or 13% and Federal sources decreased \$1,558,901 or 27%. Local sources decreased \$10,430.

Expenditures of the Special Revenue Fund were \$4,957,121. Instructional expenditures were \$3,711,622 or 75% and expenditures for the support services were \$393,867 or 8% of total expended for the year ended June 30, 2012. The remaining expenditures of \$851,632 (17%) were capital outlay acquisitions.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Capital Projects - The capital projects expenditures exceeded revenues by \$144,983 decreasing fund balance to a deficit of \$119,872 at June 30, 2012.

Proprietary Funds

The District maintains the Enterprise Funds to account for activities which are supported in part through user fees.

Enterprise Fund - The District uses Enterprise Funds to report activities related to the Food Services programs as well as other business-type activities. The District's Enterprise Funds provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and appropriating additional unanticipated state aid.
- Increases in appropriations for the funding of capital projects approved in the Long-Range Facilities Plan.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$83,318,717 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2011-2012 amounted to \$2,714,470 for governmental activities and \$38,767 for business-type activities.

Table A-6
Capital Assets at June 30, 2012 and 2011
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Improvements Other Than Buildings	\$ 4,645,102	\$ 1,984,242			\$ 4,645,102	1,984,242
Building and Building Improvements	76,471,236	79,945,943			76,471,236	79,945,943
Machinery and Equipment	1,866,660	1,647,831	\$ 335,719	\$ 252,883	2,202,379	1,900,714
Infrastructure	-	15,486	-	-	-	15,486
Total Capital Assets, Net	\$ 82,982,998	\$ 83,593,502	\$ 335,719	\$ 252,883	\$ 83,318,717	\$ 83,846,385

Additional information on the District's capital assets are presented in the "Notes to the Basic Financial Statements" of this report.

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$1,569,449, claims and judgments payable of \$812,516; and bonds payable of \$39,730,000.

Additional information on the District's long-term liabilities is presented in the "Notes to the Basic Financial Statements" of this report.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2012-2013 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Franklin Township Public School, 1755 Amwell Road, Somerset, NJ 08873.

BASIC FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,960,934	\$ 1,933,563	\$ 6,894,497
Receivables, net	1,649,372	161,613	1,810,985
Inventory		44,237	44,237
Internal Balances	720,422	(720,422)	
Prepaid Items	47,811		47,811
Deferred Charge	624,877		624,877
Capital Assets Being Depreciated, Net	<u>82,982,998</u>	<u>335,719</u>	<u>83,318,717</u>
Total Assets	<u>90,986,414</u>	<u>1,754,710</u>	<u>92,741,124</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,153,238	195,588	2,348,826
Payable to Governments	71,569	131,250	202,819
Accrued Interest Payable	669,891		669,891
Unearned Revenue	214,551	79,279	293,830
Noncurrent Liabilities			
Due Within One Year	4,095,000		4,095,000
Due Beyond One Year	<u>38,127,729</u>	<u>-</u>	<u>38,127,729</u>
Total Liabilities	<u>45,331,978</u>	<u>406,117</u>	<u>45,738,095</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	43,767,111	335,719	44,102,830
Restricted for			
Capital Projects	2,408,526		2,408,526
Debt Service	10,124		10,124
Unrestricted	<u>(531,325)</u>	<u>1,012,874</u>	<u>481,549</u>
Total Net Assets	<u>\$ 45,654,436</u>	<u>\$ 1,348,593</u>	<u>\$ 47,003,029</u>

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 52,508,130	\$ 120,545	\$ 7,868,240		\$ (44,519,345)		\$ (44,519,345)
Special Education	25,023,891	45,050	8,703,067		(16,275,774)		(16,275,774)
Vocational Education- Tuition	250,761				(250,761)		(250,761)
School Sponsored Activities and Athletics	1,754,456		181,523		(1,572,933)		(1,572,933)
Other Instruction	5,248,842		640,076		(4,608,766)		(4,608,766)
Support Services							
Student & Instruction Related Services	19,962,740		2,021,916		(17,940,824)		(17,940,824)
School Administrative Services	6,372,457		409,028		(5,963,429)		(5,963,429)
General Administrative Services	2,279,687				(2,279,687)		(2,279,687)
Plant Operations and Maintenance	13,224,205		1,356,188		(11,868,017)		(11,868,017)
Pupil Transportation	13,034,098	4,862	475,182		(12,554,054)		(12,554,054)
Business/Central & Other Support Services	2,737,984				(2,737,984)		(2,737,984)
Interest on Long-Term Debt	1,857,458				(1,857,458)		(1,857,458)
Total Governmental Activities	144,254,709	170,457	21,655,220		(122,429,032)		(122,429,032)
Business-Type Activities							
Food Service	2,791,092	1,209,131	1,663,011			\$ 81,050	81,050
C.A.R.E.	884,280	887,099				2,819	2,819
Other Business- Types	4,975					(4,975)	(4,975)
Total Business-Type Activities	3,680,347	2,096,230	1,663,011			78,894	78,894
Total Primary Government	\$ 147,935,056	\$ 2,266,687	\$ 23,318,231	\$ -	(122,429,032)	78,894	(122,350,138)

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Total Primary Government (Carried forward)	\$ (122,429,032)	\$ 78,894	\$ (122,350,138)
General Revenues			
Property Taxes	116,566,508		116,566,508
Property Taxes, Levied for General Purposes	5,179,875		5,179,875
Taxes Levied for Debt Service	5,394,973		5,394,973
Federal and State Aid Unrestricted	20,304	2,246	22,550
Investment Earnings	742,648	-	742,648
Miscellaneous Income			
Total General Revenues	127,904,308	2,246	127,906,554
Change in Net Assets	5,475,276	81,140	5,556,416
Net Assets, Beginning of Year	40,301,346	1,273,536	41,574,882
Prior Period Adjustment- Capital Assets, Net	(122,186)	(6,083)	(128,269)
Net Assets, End of Year	\$ 45,654,436	\$ 1,348,593	\$ 47,003,029

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

FUND FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,950,810			\$ 10,124	\$ 4,960,934
Due from Other Funds	1,037,902		\$ 7,729		1,045,631
Receivables from Other Governments	978,379	\$ 580,959	36,843		1,596,181
Other Receivables	53,191				53,191
Prepaid Items	47,811	-	-	-	47,811
	<u>7,068,093</u>	<u>580,959</u>	<u>44,572</u>	<u>10,124</u>	<u>7,703,748</u>
Total Assets	<u>\$ 7,068,093</u>	<u>\$ 580,959</u>	<u>\$ 44,572</u>	<u>\$ 10,124</u>	<u>\$ 7,703,748</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1,441,866	\$ 141,803			\$ 1,583,669
Accrued Salaries & Wages	519,466				519,466
Other Liabilities	50,103				50,103
Due to Other Funds	7,729	153,036	\$ 164,444		325,209
Payable to State Government		71,569			71,569
Deferred Revenue	-	214,551	-	-	214,551
	<u>2,019,164</u>	<u>580,959</u>	<u>164,444</u>	<u>-</u>	<u>2,764,567</u>
Total Liabilities	<u>2,019,164</u>	<u>580,959</u>	<u>164,444</u>	<u>-</u>	<u>2,764,567</u>
Fund Balances					
Nonspendable					
Prepaid Expense	47,811				47,811
Restricted					
Capital Reserve	2,408,526				2,408,526
Debt Service				\$ 10,124	10,124
Assigned					
Year End Encumbrances	55,391				55,391
Designated for Subsequent Year's Expenditures	2,000,000				2,000,000
Unassigned					
General Fund	537,201				537,201
Capital Projects Fund	-	-	(119,872)	-	(119,872)
	<u>5,048,929</u>	<u>-</u>	<u>(119,872)</u>	<u>10,124</u>	<u>4,939,181</u>
Total Fund Balances	<u>5,048,929</u>	<u>-</u>	<u>(119,872)</u>	<u>10,124</u>	<u>4,939,181</u>
Total Liabilities and Fund Balances	<u>\$ 7,068,093</u>	<u>\$ 580,959</u>	<u>\$ 44,572</u>	<u>\$ 10,124</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$119,212,723 and the accumulated depreciation is \$36,229,725. 82,982,998

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (669,891)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2) (41,597,852)

Net Assets of Governmental Activities \$ 45,654,436

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 116,566,508			\$ 5,179,875	\$ 121,746,383
Interest	20,304				20,304
Tuition	165,595				165,595
Transportation Fees	4,862				4,862
Miscellaneous	732,524	\$ 28,100	-	10,124	770,748
Total - Local Sources	117,489,793	28,100	-	5,189,999	122,707,892
State Sources	22,021,095	2,244,882			24,265,977
Federal Sources	71,977	2,684,139	-	-	2,756,116
Total Revenues	139,582,865	4,957,121	-	5,189,999	149,729,985
EXPENDITURES					
Current					
Regular Instruction	48,951,896	2,498,495			51,450,391
Special Education Instruction	23,478,244	1,213,127			24,691,371
Vocational Education Instruction- Tuition	250,761				250,761
Other Instruction	5,267,425				5,267,425
School-Sponsored Activities and Athletics	1,759,726				1,759,726
Support Services					
Student and Instruction Related Services	19,589,912	393,867			19,983,779
School Administrative Services	6,321,732				6,321,732
General Administrative Services	2,218,655		\$ 32,572		2,251,227
Plant Operations and Maintenance	12,957,922				12,957,922
Pupil Transportation	12,469,095				12,469,095
Business Central Services	2,639,022				2,639,022
Debt Service					
Principal				3,350,000	3,350,000
Interest and Other Charges				1,829,875	1,829,875
Capital Outlay	906,179	851,632	468,341	-	2,226,152
Total Expenditures	136,810,569	4,957,121	500,913	5,179,875	147,448,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,772,296	-	(500,913)	10,124	2,281,507
OTHER FINANCING SOURCES (USES)					
Transfers In	90,154		446,084		536,238
Transfers Out	(446,084)	-	(90,154)	-	(536,238)
Total Other Financing Sources and Uses	(355,930)	-	355,930	-	-
Net Change in Fund Balances	2,416,366	-	(144,983)	10,124	2,281,507
Fund Balance, Beginning of Year	2,632,563	-	25,111	-	2,657,674
Fund Balance (Deficit), End of Year	\$ 5,048,929	\$ -	\$ (119,872)	\$ 10,124	\$ 4,939,181

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 2,281,507

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 2,226,152	
Depreciation Expense	<u>(2,714,470)</u>	
		(488,318)

In the statement of activities, certain operating expenses - compensated absences and claims and judgements for self insurance claims - are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences, Net	403,924	
Claims and Judgements for Self Insurance Claims, Net	<u>(44,254)</u>	
		359,670

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Bond Principal		3,350,000
----------------	--	-----------

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

Amortization of Original Issue Premium		185,405
Amortization of Deferred Amount on Refunding		(171,689)
Amortization of Debt Issuance Costs		(93,105)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>51,806</u>
------------------------------	--	---------------

Change in Net Assets of Governmental Activities (Exhibit A-2)		<u>\$ 5,475,276</u>
--	--	----------------------------

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Other Non-Major Adult Education Enterprise Fund</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,171,060	\$ 762,503		\$ 1,933,563
Intergovernmental Receivable				
State	2,624			2,624
Federal	99,973			99,973
Other Receivables		59,016		59,016
Inventories	44,237	-	-	44,237
	<u>1,317,894</u>	<u>821,519</u>	<u>-</u>	<u>2,139,413</u>
Total Current Assets				
Capital Assets				
Equipment	917,114	50,780		967,894
Less: Accumulated Depreciation	(611,863)	(20,312)	-	(632,175)
	<u>305,251</u>	<u>30,468</u>	<u>-</u>	<u>335,719</u>
Total Capital Assets, Net				
Total Assets	<u>1,623,145</u>	<u>851,987</u>	<u>-</u>	<u>2,475,132</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	177,401	18,187		195,588
Deposits Payable		131,250		131,250
Unearned Revenue	79,279			79,279
Due to Other Funds	186,004	534,418	-	720,422
	<u>442,684</u>	<u>683,855</u>	<u>-</u>	<u>1,126,539</u>
Total Current Liabilities				
NET ASSETS				
Invested in Capital Assets	305,251	30,468		335,719
Unrestricted	875,210	137,664	-	1,012,874
	<u>\$ 1,180,461</u>	<u>\$ 168,132</u>	<u>\$ -</u>	<u>\$ 1,348,593</u>
Total Net Assets				

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Other Non-Major Adult Education Enterprise Fund</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES				
Charges for Services				
Daily Sales	\$ 1,130,392			\$ 1,130,392
Special Functions	56,724			56,724
Program Fees		\$ 887,099		887,099
Miscellaneous	22,015	-	-	22,015
Total Operating Revenues	<u>1,209,131</u>	<u>887,099</u>	<u>-</u>	<u>2,096,230</u>
OPERATING EXPENSES				
Cost of Sales	1,148,923			1,148,923
Salaries and Employee Benefits	1,403,237	809,260		2,212,497
Other Purchased Services	40,678	4,570		45,248
Supplies and Materials	60,900	7,502		68,402
Depreciation	33,689	5,078		38,767
Miscellaneous	103,665	57,870	\$ 4,975	166,510
Total Operating Expenses	<u>2,791,092</u>	<u>884,280</u>	<u>4,975</u>	<u>3,680,347</u>
Operating Income (Loss)	<u>(1,581,961)</u>	<u>2,819</u>	<u>(4,975)</u>	<u>(1,584,117)</u>
NONOPERATING REVENUES				
State Sources				
School Lunch Program	38,380			38,380
Federal Sources				
National School Lunch Program	1,455,255			1,455,255
Breakfast Program	169,376			169,376
Interest and Investment Revenue	1,189	1,056	1	2,246
Total Nonoperating Revenues	<u>1,664,200</u>	<u>1,056</u>	<u>1</u>	<u>1,665,257</u>
Change in Net Assets	82,239	3,875	(4,974)	81,140
Net Assets, Beginning of Year	1,104,305	164,257	4,974	1,273,536
Prior Period Adjustment-Capital Assets, Net	(6,083)	-	-	(6,083)
Net Assets, End of Year	<u>\$ 1,180,461</u>	<u>\$ 168,132</u>	<u>\$ -</u>	<u>\$ 1,348,593</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Other Non-Major Adult Education Enterprise Fund</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,201,938			\$ 1,201,938
Cash Received for Registration Deposits		\$ 865,461		865,461
Cash Payments for Refund of Registration Deposits		10,850		10,850
Cash Payments for Employees' Salaries and Benefits	(1,145,817)	(835,300)		(1,981,117)
Cash Payments to Suppliers for Goods and Services	(1,140,258)	(69,531)	\$ (4,975)	(1,214,764)
Net Cash Provided (Used) by Operating Activities	(1,084,137)	(28,520)	(4,975)	(1,117,632)
Cash Flows from Noncapital Financing Activities				
Cash Received from General Fund	17,897			17,897
Cash Received from State and Federal Subsidy Reimburse.	1,476,196	-	-	1,476,196
Net Cash Provided (Used) by Noncapital Financing Act.	1,494,093	-	-	1,494,093
Cash Flows from Capital Financing Activities				
Purchase of Capital Assets	(23,410)	-	-	(23,410)
Net Cash Used by Capital Financing Activities	(23,410)	-	-	(23,410)
Cash Flows from Investing Activities				
Interest on Investments	1,189	1,056	1	2,246
Net Cash Provided by Investing Activities	1,189	1,056	1	2,246
Net Increase/(Decrease) in Cash and Cash Equivalents	387,735	(27,464)	(4,974)	355,297
Cash and Cash Equivalents, Beginning of Year	783,325	789,967	4,974	1,578,266
Cash and Cash Equivalents, End of Year	<u>\$ 1,171,060</u>	<u>\$ 762,503</u>	<u>\$ -</u>	<u>\$ 1,933,563</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (1,581,961)	\$ 2,819	\$ (4,975)	\$ (1,584,117)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation	33,689	5,078		38,767
Food Distribution (USDA Commodities) Nat'l School Lunch	199,125			199,125
Change in Assets and Liabilities				
Increase/(Decrease) in Accounts Payable	159,504	(16,110)		143,394
Increase/(Decrease) in amounts payable related to equipment purchases	(104,276)			(104,276)
Increase/(Decrease) in Unearned Revenue	7,755			7,755
Increase/(Decrease) in Deposits Payable		5,300		5,300
(Increase)/Decrease in Other Receivables		(26,938)		(26,938)
(Increase)/Decrease in Inventory	16,023			16,023
Increase/(Decrease) in Due to Other Funds	186,004	1,331	-	187,335
Total Adjustments	497,824	(31,339)	-	466,485
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,084,137)</u>	<u>\$ (28,520)</u>	<u>\$ (4,975)</u>	<u>\$ (1,117,632)</u>
Non-Financing Activities				
Fair Value of Food Distribution Program- National School Lunch Program	\$ 199,125			

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Athletic Fund</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 905,719	\$ 4,126	\$ 13,168	\$ 3,171,102
Cash with Fiscal Agents	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,586</u>
Total Assets	<u>905,719</u>	<u>4,126</u>	<u>13,168</u>	<u>\$ 3,177,688</u>
LIABILITIES				
Due to Student Groups				\$ 232,000
Payroll Deductions & Withholdings Payable				13,789
Flexible Spending (Sect. 125) Account				6,586
Accrued Salaries & Wages				2,925,313
Intergovernmental Payable	<u>80,514</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>80,514</u>	<u>-</u>	<u>-</u>	<u>\$ 3,177,688</u>
NET ASSETS				
Restricted For Scholarships			<u>\$ 13,168</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 825,205</u>	<u>\$ 4,126</u>		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Athletic Fund</u>	<u>Scholarship Fund</u>
ADDITIONS			
Employee Contributions	\$ 115,693		
Board Contributions	500,000	\$ 32,818	
Other Contributions			\$ 15,475
Gate Receipts/Other		45,252	
Investment Earnings			
Interest	<u>775</u>	<u>-</u>	<u>15</u>
 Total Additions	 <u>616,468</u>	 <u>78,070</u>	 <u>15,490</u>
DEDUCTIONS			
Athletic Disbursements		69,033	
Unemployment Claims and Contrib.	451,254		
Scholarship Awards & Disbursements	<u>-</u>	<u>-</u>	<u>18,787</u>
 Total Deductions	 <u>451,254</u>	 <u>69,033</u>	 <u>18,787</u>
 Change in Net Assets	 165,214	 9,037	 (3,297)
Net Assets, Beginning of Year	<u>659,991</u>	<u>(4,911)</u>	<u>16,465</u>
Net Assets, End of Year	<u>\$ 825,205</u>	<u>\$ 4,126</u>	<u>\$ 13,168</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Franklin Township Public Schools (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Franklin Township Public Schools this includes general operations, food service, before and after school child care, adult education and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basic Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and the food service and cultural arts recreation enrichment enterprise funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-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 with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are 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 when susceptible to accrual (i.e. when 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 Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, 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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *cultural arts recreation enrichment (CARE) fund* accounts for the activities of the District's operation of the extended school day program activities.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *adult education fund* accounts for the activities of the School's non-accredited adult education programs.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods 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, unrestricted state aid, investment earnings and miscellaneous revenues.

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. The principal operating revenues of the food service enterprise fund, of the CARE enterprise fund, and of the adult school enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. *Receivables and Payables (Continued)*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

4. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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 effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Nonspendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact.

Prepays – Represents the portion of fund balance not available for future spending related to costs associated with and chargeable to future accounting periods.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

8. *Fund Equity (Continued)*

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

9. *Reclassifications*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$41,597,852 difference are as follows:

Bonds Payable	\$ 39,730,000
Add: Issuance Premium (to be Amortized as Interest Expense)	2,238,499
Less:	
Deferred Charge on Refunding (to be Amortized as Interest Expense)	(2,127,735)
Deferred Charge for Issuance Costs (to be Amortized Over Life of Debt)	(624,877)
Claims and Judgments	812,516
Compensated Absences	<u>1,569,449</u>
 Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	 <u>\$ 41,597,852</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2011/2012. During 2011/2012 the Board increased the original general fund budget by \$2,548,294 and the original special revenue fund budget by \$1,596,719. The increases were funded by additional surplus appropriated from prior year state aid, additional state/federal aid, grant awards and the reappropriation of prior year general fund encumbrances.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 9, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

C. Deficit Fund Equity

The District has an accumulated deficit of \$119,872 in the Capital Projects Fund as of June 30, 2012. This deficit is the result of the Board incurring expenditures for certain projects, which was prior to the receipt of state aid and the remaining balance of bonds authorized but not issued in conjunction with the bond referendum. As the Board permanently finances these appropriations or receives state aid, the District will realize as revenues the proceeds of the financing or state aid. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

D. Capital Reserve

A capital reserve account was established by the District on October 12, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. 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 N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011		\$ 469,450
Increased by:		
Interest earnings	\$ 580	
Deposits Approved by Board Resolution	2,294,426	
Prior Year Unexpended Withdrawals Returned	<u>90,154</u>	
Total Increases		<u>2,385,160</u>
		2,854,610
Withdrawals by Board Resolution	\$ <u>446,084</u>	
Total Withdrawals		<u>446,084</u>
Balance, June 30, 2012		<u>\$ 2,408,526</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$27,332,086. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the District's Long Range Facilities Plan.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$10,995,198 and bank balances of the Board's cash and deposits amounted to \$22,145,979. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 22,139,393
Uninsured and Collateralized	<u>6,586</u>
	<u>\$ 22,145,979</u>

Custodial Credit Risk -- Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2012, the Board's bank balance of \$6,586 was exposed to custodial risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 6,586</u>
---	-----------------

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2012, the Board had no outstanding investments.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2012 for the district's individual major funds in the aggregate are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>C.A.R.E. Enterprise</u>	<u>Total</u>
Receivables:						
Accounts	\$ 53,191				\$ 59,016	\$ 112,207
Intergovernmental- Restricted	<u>978,379</u>	<u>\$ 580,959</u>	<u>\$ 36,843</u>	<u>\$ 102,597</u>	<u>-</u>	<u>1,698,778</u>
Total Receivables	<u>\$ 1,031,570</u>	<u>\$ 580,959</u>	<u>\$ 36,843</u>	<u>\$ 102,597</u>	<u>\$ 59,016</u>	<u>\$ 1,810,985</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Unearned

Special Revenue Fund	
Unencumbered grant draw downs	<u>\$ 214,551</u>
 Total deferred revenue for governmental funds	 <u>\$ 214,551</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance, <u>July 1, 2011</u>	Prior Period <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2012</u>
Governmental Activities:					
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	\$ 105,541,036	\$ (2,853,795)	\$ 1,299,575		\$ 103,986,816
Improvements Other Than Buildings	6,250,329	3,113,577			9,363,906
Machinery and Equipment	5,775,047	(683,565)	926,577	\$ (156,058)	5,862,001
Infrastructure	<u>17,800</u>	<u>(17,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets Being Depreciated	<u>117,584,212</u>	<u>(441,583)</u>	<u>2,226,152</u>	<u>(156,058)</u>	<u>119,212,723</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(25,595,093)	(8,523)	(1,911,964)		(27,515,580)
Improvements Other Than Buildings	(4,266,087)	(55,104)	(397,613)		(4,718,804)
Machinery and Equipment	(4,127,216)	380,710	(404,893)	156,058	(3,995,341)
Infrastructure	<u>(2,314)</u>	<u>2,314</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Depreciation	<u>(33,990,710)</u>	<u>319,397</u>	<u>(2,714,470)</u>	<u>156,058</u>	<u>(36,229,725)</u>
Total Capital Assets, Being Depreciated, Net	<u>83,593,502</u>	<u>(122,186)</u>	<u>(488,318)</u>	<u>-</u>	<u>82,982,998</u>
Governmental Activities Capital Assets, Net	<u>\$ 83,593,502</u>	<u>(122,186)</u>	<u>\$ (488,318)</u>	<u>\$ -</u>	<u>\$ 82,982,998</u>
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 897,171	\$ (56,963)	\$ 127,686	-	\$ 967,894
Total Capital Assets Being Depreciated	<u>897,171</u>	<u>(56,963)</u>	<u>127,686</u>	<u>-</u>	<u>967,894</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(644,288)	50,880	(38,767)	-	(632,175)
Total Accumulated Depreciation	<u>(644,288)</u>	<u>50,880</u>	<u>(38,767)</u>	<u>-</u>	<u>(632,175)</u>
Total Capital Assets, Being Depreciated, Net	<u>252,883</u>	<u>(6,083)</u>	<u>88,919</u>	<u>-</u>	<u>335,719</u>
Business-Type Activities Capital Assets, Net	<u>\$ 252,883</u>	<u>(6,083)</u>	<u>\$ 88,919</u>	<u>\$ -</u>	<u>\$ 335,719</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	
Regular	\$ 1,221,511
Special	<u>380,026</u>
Total Instruction	<u>1,601,537</u>
 Support Services	
Student and Instruction Related Services	27,145
School Administration	54,289
General Administration	54,289
Operations and Maintenance of Plant	298,592
Student Transportation	570,039
Business Central Services	<u>108,579</u>
Total Support Services	<u>1,112,933</u>
 Total depreciation Expense - Governmental Activities	 <u>\$ 2,714,470</u>
 Business-Type Activities:	
Food Service Fund	\$ 33,689
C.A.R.E. Enterprise Fund	<u>5,078</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 38,767</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	C.A.R.E. Enterprise Fund	\$ 534,418
General Fund	Capital Projects Fund	164,444
General Fund	Special Revenue Fund	153,036
Capital Projects	General Fund	7,729
General Fund	Food Service Fund	<u>186,004</u>
		<u>\$ 1,045,631</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>Capital Projects</u>	<u>General Fund</u>	
Transfer Out:			
Capital Projects		\$ 90,154	\$ 90,154
General Fund	<u>\$ 446,084</u>	<u>-</u>	<u>446,084</u>
Total transfers out	<u>\$ 446,084</u>	<u>\$ 90,154</u>	<u>\$ 536,238</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Bonds payable at June 30, 2012 are comprised of the following issues:

\$11,540,000, 2003 Refunding Bonds, due in annual installments of \$1,050,000 to \$1,110,000 through August 15, 2016, interest at varying rates	\$ 5,400,000
\$10,000,000, 2006 Refunding Bonds, due in annual installments of \$20,000 to \$2,410,000 through August 15, 2026, interest at 3.75% to 4.375%	9,745,000
\$24,970,000, 2009 Refunding Bonds, due in annual installment of \$45,000 to \$2,340,000 through August 15, 2023, interest at 4.00% to 5.00%	<u>24,585,000</u>
	<u>\$ 39,730,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Year Ending</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 3,295,000	\$ 1,698,475	\$ 4,993,475
2014	3,270,000	1,569,931	4,839,931
2015	3,250,000	1,435,525	4,685,525
2016	3,230,000	1,300,550	4,530,550
2017	3,210,000	1,161,040	1,161,040
2018-2022	11,575,000	4,064,331	15,639,331
2023-2027	<u>11,900,000</u>	<u>1,306,228</u>	<u>13,206,228</u>
	<u>\$ 39,730,000</u>	<u>\$ 12,536,080</u>	<u>\$ 49,056,080</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 380,821,265
Less: Net Debt	<u>39,730,638</u>
Remaining Borrowing Power	<u>\$ 341,090,627</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Balance, July 1, 2011	Additions	Reductions	Balance, June 30, 2012	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 43,080,000		\$ (3,350,000)	\$ 39,730,000	\$ 3,295,000
Add:					
Unamortized Premium	2,423,904		(185,405)	2,238,499	
Less:					
Unamortized Amount on Refunding	<u>(2,299,424)</u>	-	<u>171,689</u>	<u>(2,127,735)</u>	-
Bonds Payable, Net	43,204,480	-	(3,363,716)	39,840,764	3,295,000
Claims and Judgments	768,262	\$ 553,159	(508,905)	812,516	500,000
Compensated Absences	<u>1,973,373</u>	<u>-</u>	<u>(403,924)</u>	<u>1,569,449</u>	<u>300,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 45,946,115</u>	<u>\$ 553,159</u>	<u>\$ (4,276,545)</u>	<u>\$ 42,222,729</u>	<u>\$ 4,095,000</u>

For the governmental activities, the liabilities for compensated absences and claims and judgments are generally liquidated by the general fund.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District has established a worker's compensation plan for its employees. Transactions related to the plan are accounted for in the General Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$500,000 for any one accident or occurrence, with any excess benefit being reimbursed through a Re-Insurance Agreement with Star Insurance Company. The reinsurance policy also contains an aggregate loss provision in the amount of \$1,000,000 for the employer's liability limit. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company may not be able to meet their obligations to the District under existing reinsurance agreements.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2012, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$862,619 reported at June 30, 2012 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2012 and 2011 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unpaid Claims, Beginning of Year	\$ 768,262	\$ 788,806
Incurred Claims	603,262	665,826
Claim Payments	<u>(508,905)</u>	<u>(686,370)</u>
Unpaid Claims, End of Year	<u>\$ 862,619</u>	<u>\$ 768,262</u>
General Fund		
Other Current Liabilities	\$ 50,103	\$ 52,046
Governmental Activities		
Noncurrent Liabilities	<u>812,516</u>	<u>716,216</u>
	<u>\$ 862,619</u>	<u>\$ 768,262</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s fiduciary trust fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	<u>Board Contributions</u>	<u>Contributions/ Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 500,000	\$ 116,468	\$ 451,254	\$ 825,205
2011	300,000	116,769	811,425	659,991
2010	500,000	117,488	473,742	1,054,647

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board’s Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District has not estimated arbitrage earnings due to the IRS, if any.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 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 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 1,740,694	\$ 1,699,570	\$ 10,331
2011	1,766,361	165,365	2,616
2010	1,337,879	173,452	87

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$1,699,570 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$165,365 and \$173,452, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,814,355 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$3,416,580, \$3,512,354 and \$3,257,666, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

F. Subsequent Events

In July 2012, the District entered into a lease purchase agreement with Apple, Inc. for the acquisition of equipment. The total equipment cost is \$7,112,232. The term of the lease is for four (4) years at an interest rate of .901%.

In July 2012, the District entered into a lease purchase agreement for the acquisition and installation of 12 new temporary classroom units in the amount of \$3,850,000. The term of the lease is five (5) years at a fixed interest of 1.26%.

NOTE 6 PRIOR PERIOD ADJUSTMENTS

The District conducted an update and appraisal of its capital assets during the 2011/2012 school year. The update and appraisal was conducted by an independent appraisal company hired by the Board. The capital asset report valued all capital assets and their estimated historical cost through back trending and other acceptable methods. The District recorded a prior period adjustment to its July 1, 2011 capital assets values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report.

BUDGETARY COMPARISON SCHEDULES

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 116,566,508		\$ 116,566,508	\$ 116,566,508	
Interest				19,724	\$ 19,724
Interest- Capital Reserve				580	580
Tuition-Intergovernmental - State	58,000		58,000	120,545	62,545
Tuition - Other LEAs within State				45,050	45,050
Transportation Fees	3,536		3,536	4,862	1,326
Miscellaneous	73,500	-	73,500	732,524	659,024
Total - Local Sources	116,701,544	-	116,701,544	117,489,793	788,249
State Sources					
Special Education Categorical Aid	4,647,278		4,647,278	4,647,278	
Equalization Aid	5,497,123		5,497,123	5,497,123	
Security Aid	213,706	\$ 1,262,065	1,475,771	1,475,771	
Additional Nonpublic Transportation Aid				194,252	194,252
Extraordinary Aid	1,184,820		1,184,820	1,495,518	310,698
Anti-Bullying Grant				2,090	2,090
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Normal Cost & Accrued Liability				1,534,859	1,534,859
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Non-Contributory Insurance				164,711	164,711
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Post-Retirement Medical Contributions				3,416,580	3,416,580
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-	3,814,355	3,814,355
Total - State Sources	11,542,927	1,262,065	12,804,992	22,242,537	9,437,545
Federal Sources					
Education Jobs Fund		15,988	15,988	15,988	
Semi- Medicaid Reimbursement	35,444	-	35,444	55,989	20,545
Total-Federal Sources	35,444	15,988	51,432	71,977	20,545
Total Revenues	128,279,915	1,278,053	129,557,968	139,804,307	10,246,339
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,750,997	161,559	1,912,556	1,912,556	
Grades 1-5	11,977,015	122,809	12,099,824	12,099,824	
Grades 6-8	6,462,716	8,138	6,470,854	6,470,853	1
Grades 9-12	9,755,114	(604,044)	9,151,070	9,151,070	
Home Instruction					
Salaries of Teachers	90,000	85,973	175,973	175,973	
Purchased Professional - Educational Services	86,550	(28,296)	58,254	45,077	13,177
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	55,400	(13,864)	41,536	31,937	9,599
Purchased Professional - Educational Services	44,100	1,850	45,950	40,145	5,805
Purchased Technical Services	112,860	5,407	118,267	118,267	
Other Purchased Services	21,019		21,019	19,189	1,830
General Supplies	1,037,674	1,795,776	2,833,450	2,828,911	4,539
Textbooks	240,845	(83,688)	157,157	152,636	4,521
Other Objects	150,144	(98,357)	51,787	48,740	3,047
Total Regular Programs	31,784,434	1,353,263	33,137,697	33,095,178	42,519

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Cognitive-Moderate					
Salaries of Teachers	\$ 51,290	\$ (51,290)			
Other Salaries of Instruction	15,993	(15,993)	-	-	-
Total Cognitive-Moderate	67,283	(67,283)	-	-	-
Learning and/or Language Disabilities					
Salaries of Teachers	959,565	78,332	\$ 1,037,897	\$ 1,037,896	\$ 1
Other Salaries for Instruction	336,401	(32,253)	304,148	304,148	
General Supplies	20,039	-	20,039	16,467	3,572
Total Learning and/or Language Disabilities	1,316,005	46,079	1,362,084	1,358,511	3,573
Resource Room/Resource Center					
Salaries of Teachers	5,591,727	(109,498)	5,482,229	5,482,228	1
Other Salaries for Instruction	651,016	94,000	745,016	744,604	412
General Supplies	17,764	(1,359)	16,405	10,280	6,125
Total Resource Room/Resource Center	6,260,507	(16,857)	6,243,650	6,237,112	6,538
Autism					
Salaries of Teachers	226,451	(25,560)	200,891	200,891	
Other Salaries for Instruction	107,152	(15,130)	92,022	92,022	
General Supplies	2,118	-	2,118	2,107	11
Total Autism	335,721	(40,690)	295,031	295,020	11
Preschool Disabilities - Part-Time					
Salaries of Teachers	564,188	22,295	586,483	586,483	
Other Salaries for Instruction	265,169	(1,771)	263,398	263,397	1
General Supplies	3,724	48	3,772	3,772	-
Total Preschool Disabilities - Part-Time	833,081	20,572	853,653	853,652	1
Home Instruction					
Salaries of Teachers	45,000	30,877	75,877	75,877	
Purchased Professional-Educational Services	-	24,608	24,608	17,375	7,233
Total Home Instruction	45,000	55,485	100,485	93,252	7,233
Total Special Education	8,857,597	(2,694)	8,854,903	8,837,547	17,356
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,739,882	267,125	2,007,007	2,007,007	
General Supplies	19,714	(19,009)	705	705	
Other Objects	720	-	720	-	720
Total Basic Skills/Remedial - Instruction	1,760,316	248,116	2,008,432	2,007,712	720
Bilingual Education - Instruction					
Salaries of Teachers	1,415,207	15,091	1,430,298	1,430,297	1
General Supplies	31,390	1,630	33,020	32,731	289
Textbooks	7,059	(3,096)	3,963	3,325	638
Other Objects	500	(182)	318	40	278
Total Bilingual Education - Instruction	1,454,156	13,443	1,467,599	1,466,393	1,206

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 357,038	\$ (17,454)	\$ 339,584	\$ 326,313	\$ 13,271
Purchased Services	13,030	10,287	23,317	23,316	1
Supplies and Materials	36,027	(2,922)	33,105	28,832	4,273
Other Objects	34,768	10,703	45,471	40,134	5,337
Total School Sponsored Co/Extra Curricular Activities	<u>440,863</u>	<u>614</u>	<u>441,477</u>	<u>418,595</u>	<u>22,882</u>
School Sponsored Athletics					
Salaries	670,406	(21,915)	648,491	648,491	
Purchased Services	28,493	(710)	27,783	25,798	1,985
Supplies and Materials	58,310	23,585	81,895	79,886	2,009
Other Objects	131,895	-	131,895	95,206	36,689
Total School Sponsored Athletics	<u>889,104</u>	<u>960</u>	<u>890,064</u>	<u>849,381</u>	<u>40,683</u>
Before/After School Programs					
Salaries	-	58,443	58,443	58,443	-
Total Before/After School Programs	<u>-</u>	<u>58,443</u>	<u>58,443</u>	<u>58,443</u>	<u>-</u>
Total - Instruction	<u>45,186,470</u>	<u>1,672,145</u>	<u>46,858,615</u>	<u>46,733,249</u>	<u>125,366</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	588,152	69,996	658,148	603,946	54,202
Tuition to Other LEAs Within State-Special	4,020,295	(791,108)	3,229,187	3,186,271	42,916
Tuition to County Vocational School Districts-Reg.	352,748	(131,000)	221,748	213,116	8,632
Tuition to County Vocational School Districts-Spec.	19,178	18,467	37,645	37,645	
Tuition to County Spec. Svcs. Districts & Reg. Day	158,588		158,588	132,813	25,775
Tuition to Private Schools for the Disabled W/in State	7,832,247	(658,964)	7,173,283	7,155,500	17,783
Tuition to Private Schools Disabled and Other LEA's, Spl, O/S	48,208		48,208	43,828	4,380
Tuition - State Facilities	209,256		209,256	209,256	
Tuition-Other	-	265,414	265,414	265,414	-
Total Undistributed Expenditures - Instruction	<u>13,228,672</u>	<u>(1,227,195)</u>	<u>12,001,477</u>	<u>11,847,789</u>	<u>153,688</u>
Attendance and Social Work Services					
Salaries	32,989	478	33,467	33,467	
Other Purchased Services	930	-	930	120	810
Total Attendance and Social Work Services	<u>33,919</u>	<u>478</u>	<u>34,397</u>	<u>33,587</u>	<u>810</u>
Health Services					
Salaries	1,077,727	(116)	1,077,611	1,077,611	
Purchased Professional and Technical Svcs.	6,175		6,175	3,497	2,678
Supplies and Materials	13,296	(70)	13,226	10,416	2,810
Total Health Services	<u>1,097,198</u>	<u>(186)</u>	<u>1,097,012</u>	<u>1,091,524</u>	<u>5,488</u>
Speech, OT, PT & Related Services					
Salaries	1,000,162	2,092	1,002,254	1,002,254	
Purchased Professional- Educational Services	731,625	335,211	1,066,836	1,008,326	58,510
Supplies and Materials	4,053	4,000	8,053	5,808	2,245
Total Speech, OT, PT & Related Services	<u>1,735,840</u>	<u>341,303</u>	<u>2,077,143</u>	<u>2,016,388</u>	<u>60,755</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Support Services- Students Extra Service					
Salaries	\$ 523,524	\$ 281,893	\$ 805,417	\$ 805,417	
Purchased Professional Ed. Services	1,012,600	-	1,012,600	861,466	\$ 151,134
Total Other Support Services- Students Extra Service	1,536,124	281,893	1,818,017	1,666,883	151,134
Guidance					
Salaries of Other Professional Staff	1,822,834	1,679	1,824,513	1,824,513	
Salaries of Secretarial and Clerical Assistants	326,079		326,079	324,293	1,786
Purchased Professional and Ed. Svcs.	300	7,564	7,864	2,125	5,739
Other Purchased Services	1,079	1,480	2,559	774	1,785
Supplies and Materials	101,214	(12,773)	88,441	67,455	20,986
Other Objects	89,695	(17,027)	72,668	63,990	8,678
Total Guidance	2,341,201	(19,077)	2,322,124	2,283,150	38,974
Child Study Teams					
Salaries of Other Professional Staff	2,671,302	(53,965)	2,617,337	2,584,247	33,090
Salaries of Secretarial and Clerical Assistants	324,897	6,956	331,853	331,852	1
Other Salaries	20,000	(14,440)	5,560		5,560
Purchased Professional-Educational Services	41,460	25,700	67,160	59,348	7,812
Miscellaneous Purchased Services	18,430	38,284	56,714	56,690	24
Supplies and Materials	22,491	70	22,561	22,560	1
Other Objects	10,256	-	10,256	10,221	35
Total Child Study Teams	3,108,836	2,605	3,111,441	3,064,918	46,523
Impvt. of Instruction Services-Other Support Services					
Salaries of Supervisors of Instruction	1,222,611	51,317	1,273,928	1,273,928	
Salaries of Other Professional Staff	145,565	(17,628)	127,937	127,936	1
Salaries of Sec. and Clerical Assist.	223,716	(8,550)	215,166	215,165	1
Salaries of Facilitators, Math & Literacy Coaches	1,360,535	8,909	1,369,444	1,369,444	
Other Purchased Services	13,325	(974)	12,351	8,445	3,906
Supplies and Materials	14,020	40,047	54,067	54,067	
Other Objects	20,469	(1,557)	18,912	14,849	4,063
Total Impvt. of Instruction Svcs./Other Support Svcs.- Instructional Staff	3,000,241	71,564	3,071,805	3,063,834	7,971
Educational Media Services/School Library					
Salaries	851,172	(38,395)	812,777	792,446	20,331
Supplies and Materials	103,098	(1,327)	101,771	99,738	2,033
Total Educational Media Services/School Library	954,270	(39,722)	914,548	892,184	22,364
Instructional Staff Training Services					
Salaries Other Professional Staff	70,460	5,865	76,325	76,324	1
Purchased Professional - Educational Services	323,000	(38,505)	284,495	262,140	22,355
Purchased Professional & Technical Svcs.	18,000	456	18,456	18,456	
Other Purchased Services		3,000	3,000	3,000	
Supplies and Materials	10,658	(485)	10,173	6,195	3,978
Other Objects	14,486	50	14,536	4,435	10,101
Total Instructional Staff Training Services	436,604	(29,619)	406,985	370,550	36,435

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Svcs. General Administration					
Salaries	\$ 645,931	\$ 13,471	\$ 659,402	\$ 659,402	
Legal Services	200,000	81,548	281,548	252,931	\$ 28,617
Audit Fees	55,000	3,618	58,618	58,618	
Architectural/Engineering Services		66,896	66,896	66,856	40
Other Purchased Professional Svcs.	119,970	57,702	177,672	69,483	108,189
Purchased Technical Services	52,866	2,135	55,001	54,951	50
Communications/Telephone	376,597	3,307	379,904	370,067	9,837
BOE Other Purchased Services	2,762	5,000	7,762	2,635	5,127
Misc. Purchased Services	239,577	11,624	251,201	247,708	3,493
General Supplies	26,919	(800)	26,119	14,173	11,946
BOE In House Training/ Meeting Supplies	675	-	675		675
Miscellaneous Expenditures	42,275	(6,983)	35,292	6,473	28,819
BOE Membership Dues and Fees	29,200	-	29,200	29,163	37
Total Support Services General Administration	1,791,772	237,518	2,029,290	1,832,460	196,830
Support Services School Administration					
Salaries of Principals/Asst. Principals	2,204,814	210,174	2,414,988	2,196,542	218,446
Salaries of Other Professional Staff	416,537	83,581	500,118	500,118	
Salaries of Secretarial and Clerical Assistants	1,601,084	(3,585)	1,597,499	1,597,498	1
Other Salaries		27,844	27,844	27,843	1
Purchased Professional and Technical Services		24,515	24,515	24,515	
Other Purchased Services	27,651	17,656	45,307	43,710	1,597
Supplies and Materials	77,865	(3,870)	73,995	71,531	2,464
Other Objects	18,360	17,992	36,352	27,476	8,876
Total Support Services School Adm.	4,346,311	374,307	4,720,618	4,489,233	231,385
Central Services					
Salaries	1,148,594	86,200	1,234,794	1,181,384	53,410
Purchased Professional Services		2,100	2,100	2,100	
Purchased Technical Services	23,500	27,240	50,740	50,740	
Miscellaneous Purchased Services	7,523	8,400	15,923	9,538	6,385
Supplies and Materials	29,748	5,383	35,131	35,131	
Other Objects	96,606	(32,140)	64,466	46,077	18,389
Total Central Services	1,305,971	97,183	1,403,154	1,324,970	78,184
Admin. Info. Technology					
Salaries	583,721	13,800	597,521	597,521	-
Total Admin. Info. Technology	583,721	13,800	597,521	597,521	-
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	392,359	1,196,991	1,589,350	620,908	968,442
General Supplies	313,939	(546)	313,393	189,841	123,552
Other Objects	16,780	-	16,780	15,361	1,419
Total Required Maintenance for School Facilities	723,078	1,196,445	1,919,523	826,110	1,093,413
Custodial Services					
Salaries	3,596,504	111,010	3,707,514	3,707,514	
Salaries of Non-Instructional Aides	426,488	(66,397)	360,091	360,090	1
Purchase Professional and Technical Services	18,780	53,520	72,300	61,780	10,520
Cleaning, Repair and Maintenance Services	759,864	1,523	761,387	754,958	6,429
Other Purchased Property Services	124,297	92,868	217,165	217,164	1
Insurance	192,458	1,195	193,653	193,653	
General Supplies	206,549	1,242	207,791	192,231	15,560
Energy (Natural Gas)	834,130	(273,315)	560,815	510,608	50,207
Energy (Electricity)	2,003,000	(621,220)	1,381,780	1,317,295	64,485
Energy (Oil)	10,000	(4,000)	6,000	5,035	965
Energy (Gasoline)	53,294		53,294	46,870	6,424
Other Objects	7,590	-	7,590	3,318	4,272
Total Custodial Services	8,232,954	(703,574)	7,529,380	7,370,516	158,864

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Care & Upkeep of Grounds					
Salaries	\$ 479,101	\$ (28,657)	\$ 450,444	\$ 450,444	
Cleaning, Repair and Maintenance Services	91,600	45,000	136,600	111,128	\$ 25,472
General Supplies	87,535	(12,032)	75,503	72,124	3,379
Other Objects	3,960	5,000	8,960	5,472	3,488
Total Care & Upkeep of Grounds	662,196	9,311	671,507	639,168	32,339
Security					
Salaries	1,355,722	58,304	1,414,026	1,414,025	1
Cleaning, Repair and Maintenance Services	168,900	(17,545)	151,355	78,079	73,276
General Supplies	19,453	436	19,889	16,969	2,920
Other Objects	245,198	40,000	285,198	223,655	61,543
Total Security	1,789,273	81,195	1,870,468	1,732,728	137,740
Student Transportation Services					
Salaries of Non-Instructional Aides	187,962		187,962	161,991	25,971
Salaries for Pupil Transportation (Between Home and School) - Regular	592,209	(128,217)	463,992	452,502	11,490
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	275,414	60,922	336,336	317,189	19,147
Management Fee- ESC & CTSA Trans. Program	101,914		101,914	99,382	2,532
Other Purchased Prof. and Technical Serv.	10,609		10,609	10,609	
Cleaning Repair and Maintenance Svcs.	285,879		285,879	225,412	60,467
Rental Payments-School Buses		200	200	200	
Contracted Services (Between Home and School) - Vendors	6,477,302		6,477,302	6,288,634	188,668
Contracted Services (Other Than Between Home and School) - Vendors	411,164	(6,523)	404,641	338,118	66,523
Contracted (Between Home & School) Joint Agr.	40,664		40,664	20,332	20,332
Contracted Services (Special Ed. Students) Vendors	202,000	8,981	210,981	210,981	
Contracted Services (Special Ed. Students) Joint Agr.	452,575	61,037	513,612	513,612	
Contracted Services (Reg. Students)-ESCs & CTSA	352,444		352,444	337,365	15,079
Contracted Services (Spl. Ed. Students)-ESCs & CTSA	2,881,447	(61,037)	2,820,410	2,500,445	319,965
Contracted Service- Aid in Lieu Payments-Nonpub	498,576	7,465	506,041	504,324	1,717
Contracted Service- Aid in Lieu Payments-Charter	13,260	1,768	15,028	15,028	
Misc. Purchased Svcs. - Transportation	86,053	32,972	119,025	88,927	30,098
General Supplies	4,528		4,528	2,597	1,931
Other Objects	6,101	71	6,172	6,172	-
Total Student Transportation Svcs.	12,880,101	(22,361)	12,857,740	12,093,820	763,920
Unallocated Benefits- Employee Benefits					
Group Insurance	1,200		1,200	816	384
Social Security Contribution	1,659,582	1,136	1,660,718	1,367,178	293,540
Other Retirement Contributions-Regular	4,000	8,000	12,000	10,331	1,669
Other Retirement Contributions- PERS	2,138,290	(317,604)	1,820,686	1,740,694	79,992
Unemployment Compensation	1,000,000	(500,000)	500,000	500,000	
Workmen's Compensation	680,235	(54,512)	625,723	508,905	116,818
Health Benefits	16,495,277		16,495,277	16,361,704	133,573
Tuition Reimbursement	69,979	39,750	109,729	109,729	
Other Employee Benefits	489,426	-	489,426	303,448	185,978
Total Unallocated Benefits- Employee Benefits	22,537,989	(823,230)	21,714,759	20,902,805	811,954
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Normal Cost & Accrued Liability				1,534,859	(1,534,859)
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Non-Contributory Insurance				164,711	(164,711)
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Post-Retirement Medical Contributions				3,416,580	(3,416,580)
On-behalf Reimbursed TPAF Social Security (Non-budgeted)	-	-	-	3,814,355	(3,814,355)
Total On-Behalf TPAF Contributions	-	-	-	8,930,505	(8,930,505)
Total Undistributed Expenditures	82,326,271	(157,362)	82,168,909	87,070,643	(4,901,734)
Total Current Expenditures	127,512,741	1,514,783	129,027,524	133,803,892	(4,776,368)

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Equipment					
Grades 1-5					
Grades 9-12	\$ 5,588	\$ (5,588)			
Special Education - Instruction					
Learning and/or Language Disabilities	20,000	(11,810)	\$ 8,190	\$ 8,025	\$ 165
Autism		3,624	3,624	322	3,302
Auditory Impairments	5,767	(2,000)	3,767	2,652	1,115
School-Sponsored and Other Instructional Programs		26,349	26,349	26,349	
Undistributed Expenditures					
Instruction	25,395	774,520	799,915	798,715	1,200
General Administration		5,719	5,719	5,718	1
Custodial Services	5,300	6,870	12,170	12,170	
Care and Upkeep of Grounds	8,500	26,050	34,550	34,550	
Security		3,000	3,000	2,939	61
School Administration	-	14,739	14,739	14,739	-
Total Equipment	<u>70,550</u>	<u>841,473</u>	<u>912,023</u>	<u>906,179</u>	<u>5,844</u>
Facilities Acquisition and Construction Services					
Other Objects- Debt Service Assessment	120,592	-	120,592	120,592	-
Total Facilities Acquisition and Construction Services	<u>120,592</u>	<u>-</u>	<u>120,592</u>	<u>120,592</u>	<u>-</u>
Total Capital Outlay	<u>191,142</u>	<u>841,473</u>	<u>1,032,615</u>	<u>1,026,771</u>	<u>5,844</u>
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	2,576,032	(257,319)	2,318,713	1,979,906	338,807
Total Transfer of Funds to Charter Schools	<u>2,576,032</u>	<u>(257,319)</u>	<u>2,318,713</u>	<u>1,979,906</u>	<u>338,807</u>
Total Expenditures	<u>130,279,915</u>	<u>2,098,937</u>	<u>132,378,852</u>	<u>136,810,569</u>	<u>(4,431,717)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,000,000)	(820,884)	(2,820,884)	2,993,738	5,814,622
OTHER FINANCING SOURCES/(USES)					
Transfers In				90,154	90,154
Transfer Out	-	(449,357)	(449,357)	(446,084)	3,273
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(449,357)</u>	<u>(449,357)</u>	<u>(355,930)</u>	<u>93,427</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,000,000)	(1,270,241)	(3,270,241)	2,637,808	5,908,049
Fund Balances, Beginning of Year	4,945,393	-	4,945,393	4,945,393	-
Fund Balances, End of Year	<u>\$ 2,945,393</u>	<u>\$ (1,270,241)</u>	<u>\$ 1,675,152</u>	<u>\$ 7,583,201</u>	<u>\$ 5,908,049</u>
Recapitulation :					
Nonspendable Fund Balance					
Prepaid Expense				\$ 47,811	
Restricted					
Capital Reserve				2,408,526	
Assigned					
Year-End Encumbrances				55,391	
Designated for Subsequent Year's Expenditures				2,000,000	
Unassigned				<u>3,071,473</u>	
				7,583,201	
Reconciliation to Governmental Funds Statements (GAAP):					
Final 2011/2012 State Aid Payments Not Recognized on GAAP Basis				(1,038,754)	
2011/2012 Extraordinary Aid Not Recognized on a GAAP Basis				<u>(1,495,518)</u>	
Fund Balance (GAAP Basis), End of Year				<u>\$ 5,048,929</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND - EDUCATION JOBS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
Education Jobs Fund	-	\$ 15,988	\$ 15,988	\$ 15,988	-
Total Federal Sources	-	15,988	15,988	15,988	-
Total Revenues	-	15,988	15,988	15,988	-
EXPENDITURES					
CURRENT EXPENDITURES					
Custodial Services					
Salaries of Non-Instructional Aides	-	14,852	14,852	14,852	-
Total Custodial Services	-	14,852	14,852	14,852	-
Unallocated Benefits					
Social Security	-	1,136	1,136	1,136	-
Total Unallocated Benefits	-	1,136	1,136	1,136	-
Total Expenditures	-	15,988	15,988	15,988	-
Excess of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 1,396,420	\$ 111,483	\$ 1,507,903	\$ 1,287,391	\$ (220,512)
Federal	2,820,562	1,420,977	4,241,539	2,684,139	(1,557,400)
Local Sources					
Miscellaneous	30,000	64,259	94,259	21,225	(73,034)
Total Revenues	<u>4,246,982</u>	<u>1,596,719</u>	<u>5,843,701</u>	<u>3,992,755</u>	<u>(1,850,946)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	377,892	694,357	1,072,249	762,706	309,543
Salaries of Other Professional Staff		66,501	66,501	42,375	24,126
Other Salaries for Instruction	125,917	564,410	690,327	662,947	27,380
Other Salaries		401,089	401,089	151,932	249,157
Purchased Professional/Technical Services		163,626	163,626	112,937	50,689
Purchased Professional/Educational Services	245,190	(20,985)	224,205	159,119	65,086
General Supplies	39,000	386,758	425,758	286,581	139,177
Textbooks		70,730	70,730	64,247	6,483
Other Objects	2,187,493	(2,187,493)	-	-	-
Total Instruction	<u>2,975,492</u>	<u>138,993</u>	<u>3,114,485</u>	<u>2,242,844</u>	<u>871,641</u>
Support Services					
Salaries of Supervisors of Instruction/Program Directors	64,000	192,976	256,976	256,976	
Salaries of Other Professional Staff		40,000	40,000	40,000	
Salaries of Secretarial and Clerical Asst.	3,000	55,196	58,196	54,941	3,255
Other Salaries for Instruction		35,550	35,550	9,413	26,137
Other Salaries		7,000	7,000		7,000
Personal Services-Employee Benefits	173,082	442,795	615,877	364,267	251,610
Purchased Professional/Educational Services	82,558	427,787	510,345	414,581	95,764
Purchased Professional & Technical Services		601,406	601,406	207,265	394,141
Contracted Services-Transportation	246,109	34,821	280,930	280,930	
Other Purchased Services		51,925	51,925	30,437	21,488
Supplies and Materials		119,465	119,465	70,163	49,302
Other Objects	702,741	(586,762)	115,979	540	115,439
Miscellaneous Expenditures	-	1,000	1,000	-	1,000
Total Support Services	<u>1,271,490</u>	<u>1,423,159</u>	<u>2,694,649</u>	<u>1,729,513</u>	<u>965,136</u>
Facilities Acquisition and Construction					
Buildings/Renovations	-	34,567	34,567	20,398	14,169
Total Facilities Acq. & Construction	<u>-</u>	<u>34,567</u>	<u>34,567</u>	<u>20,398</u>	<u>14,169</u>
Total Expenditures	<u>4,246,982</u>	<u>1,596,719</u>	<u>5,843,701</u>	<u>3,992,755</u>	<u>1,850,946</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibit C-2)	\$ 139,804,307	\$ 3,992,755
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2011		964,366
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2010/2011 State Aid)	2,312,830	
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2011/2012 State Aid)	<u>(2,534,272)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 139,582,865</u>	<u>\$ 4,957,121</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 136,810,569	\$ 3,992,755
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2011	<u>-</u>	<u>964,366</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 136,810,569</u>	<u>\$ 4,957,121</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ARRA										
	Nonpublic					ARRA					
	ESL	Nursing	Textbooks	Suppl./Inst.	Compen. Education	Exam. and Class.	Corrective Stipend	ARRA Part B-Basic Res.Prgm.	ARRA IDEA Part B-PreSchool	Page 2 Totals	Grand Totals
REVENUES											
Intergovernmental											
State	\$ 945	\$ 101,029	\$ 64,247	\$ 32,621	\$ 32,545	\$ 64,416	\$ 28,592	\$ 164,768	\$ 8,129	\$ 962,996	\$ 1,287,391
Federal										787,519	2,684,139
Local											
Miscellaneous										21,225	21,225
Total Revenues	\$ 945	\$ 101,029	\$ 64,247	\$ 32,621	\$ 32,545	\$ 64,416	\$ 28,592	\$ 164,768	\$ 8,129	\$ 1,771,740	\$ 3,992,755
EXPENDITURES											
Instruction											
Salaries of Teachers								\$ 240,405		\$ 522,301	\$ 762,706
Salaries of Other Professional Staff								515,797		147,150	662,947
Other Salaries for Instruction								139,858		12,074	151,932
Other Salaries										112,937	112,937
Purchased Prof. and Technical Services											
Purchased Prof- Educational Services	\$ 945		\$ 64,247	\$ 32,621	\$ 32,545	\$ 64,416	\$ 28,592	\$ 120,485	\$ 7,847	\$ 156,934	\$ 286,581
General Supplies			\$ 64,247								64,247
Textbooks											
Other Objects											
Total Instruction	945		64,247	32,621	32,545	64,416	28,592	120,485	7,847	993,771	2,242,844
Support Services											
Salaries of Principals/Assistant Principals/Program Directors								181,636		73,340	256,976
Salaries of Other Professional Staff								49,879		40,000	40,000
Salaries of Secretarial and Clerical Asst.								9,413		3,062	54,941
Other Salaries for Instruction								129,129		235,138	364,267
Personal Services - Employee Benefits								386,102		28,479	414,581
Purchased Prof. and Educational Svcs								62,481	282	19,288	207,265
Purchased Prof. and Technical Svcs										280,930	280,930
Contacted Services- Transportation										30,437	30,437
Other Purchased Services								7,708		62,455	70,163
Supplies and Materials										540	540
Other Objects											
Total Support Services								25,885	282	777,969	1,729,513
Facilities Acquisition and Construction											
Services											
Buildings/Renovations								20,398			20,398
Total Facilities Acquisition and Construction Services								20,398			20,398
Total Special Revenue Expenditures	\$ 945	\$ 101,029	\$ 64,247	\$ 32,621	\$ 32,545	\$ 64,416	\$ 28,592	\$ 164,768	\$ 8,129	\$ 1,771,740	\$ 3,992,755

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	IDEA		ARRA Title L-SIA	NCLB Title I	NCLB Title II A	NCLB Title II D	ARRA Title I	NCLB Title III	Preschool Education Aid	Page 2 Total
	Donations Local Programs	Pre-School Reg. Prog.								
REVENUES										
Intergovernmental										
State			18,580 \$	327,096 \$	210,787 \$	7,810 \$	68,609 \$	92,594	962,996 \$	962,996
Federal										787,519
Local										
Miscellaneous										21,225
Total Revenues	21,225 \$	62,043 \$	18,580 \$	327,096 \$	210,787 \$	7,810 \$	68,609 \$	92,594	962,996 \$	1,771,740

	Total	IDEA	ARRA Title I	NCLB Title I A	NCLB Title I D	ARRA Title I	NCLB Title III	Preschool Education Aid	Page 2 Total
EXPENDITURES									
Instruction									
Salaries of Teachers	11,298	8,132		37,101	147,922		42,375	337,278	522,301
Salaries of Other Professional Staff									42,375
Other Salaries for Instruction									147,150
Other Salaries				12,074					12,074
Purchased Prof. and Technical Services				86,384			26,553		112,937
Purchased Prof. and Educational Services									
Other Purchased Professional Services							19,246		156,934
General Supplies				86,279					
Textbooks									
Other Objects									
Total Instruction	11,298	8,132		221,838	147,922		45,799	74,354	484,428

	Total	IDEA	ARRA Title I	NCLB Title I A	NCLB Title I D	ARRA Title I	NCLB Title III	Preschool Education Aid	Page 2 Total
Support Services									
Salaries of Principals/Assistant Principals/Program Directors									75,340
Salaries of Other Professional Staff									40,000
Salaries of Secretarial and Clerical Assl.									5,062
Other Salaries									
Personal Services - Employee Benefits				35,476	36,383	22,810	5,013	128,576	235,138
Purchased Prof. and Educational Svcs				23,929					28,479
Purchased Prof. and Technical Svcs									19,588
Contracted Services- Transportation					657		7,400		280,930
Other Purchased Services				14,100	230		3,966		30,437
Supplies and Materials				4,480	33,192		1,861		62,455
Other Objects					540				540
Total Support Services	9,927	53,911	18,580	195,258	62,865	7,810	25,810	18,240	478,568

	Total	IDEA	ARRA Title I	NCLB Title I A	NCLB Title I D	ARRA Title I	NCLB Title III	Preschool Education Aid	Page 2 Total
Facilities Acquisition and Construction Services									
Buildings/Renovations									
Total Facilities Acquisition and Construction Services									
Total Special Revenue Expenditures	21,225 \$	62,043 \$	18,580 \$	327,096 \$	210,787 \$	7,810 \$	68,609 \$	92,594	962,996 \$
Total Revenues	21,225 \$	62,043 \$	18,580 \$	327,096 \$	210,787 \$	7,810 \$	68,609 \$	92,594	962,996 \$
Total Expenditures	21,225 \$	62,043 \$	18,580 \$	327,096 \$	210,787 \$	7,810 \$	68,609 \$	92,594	962,996 \$

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>DISTRICT-WIDE</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 356,071	\$ 337,278	\$ 18,793
Other Salaries for Instruction	147,150	147,150	
General Supplies	8,105	-	8,105
 Total Instruction	 <u>511,326</u>	 <u>484,428</u>	 <u>26,898</u>
Support Services			
Salaries of Program Directors	64,000	64,000	
Salaries of Secretarial and Clerical Asst.	5,062	5,062	
Personal Services - Employee Benefits	137,682	128,576	9,106
Contracted Services- Transportation	280,930	280,930	
Other Objects	112,939	-	112,939
 Total Support Services	 <u>600,613</u>	 <u>478,568</u>	 <u>122,045</u>
 Total Expenditures	 <u>\$ 1,111,939</u>	 <u>\$ 962,996</u>	 <u>\$ 148,943</u>
 <u>SUMMARY OF LOCATION TOTALS</u>			
Total 2011-2012 Preschool Education Aid Allocation		\$ 910,014	
Actual Preschool Education Carryover (June 30, 2011)		<u>201,925</u>	
Total Preschool Education Aid Funds Available for 2011-2012 Budget		1,111,939	
Less: 2011-2012 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)		<u>1,111,939</u>	
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2012		-	
 Add: 2011-2012 Unexpended Preschool Education Aid		<u>148,943</u>	
2011-2012 Actual Carryover - Preschool Education Aid		<u>\$ 148,943</u>	
 2011-2012 Preschool Education Aid Carryover Budgeted in 2012-2013		<u>\$ 112,939</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>PROGRAM: PRESCHOOL HALF-DAY 4 YEAR OLDS</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 356,071	\$ 337,278	\$ 18,793
Other Salaries for Instruction	147,150	147,150	
General Supplies	<u>8,105</u>	<u>-</u>	<u>8,105</u>
 Total Instruction	 <u>511,326</u>	 <u>484,428</u>	 <u>26,898</u>
Support Services			
Salaries of Program Directors	64,000	64,000	-
Salaries of Secretarial and Clerical Asst.	5,062	5,062	-
Personal Services - Employee Benefits	137,682	128,576	9,106
Contracted Services- Transportation	280,930	280,930	-
Other Objects	<u>112,939</u>	<u>-</u>	<u>112,939</u>
 Total Support Services	 <u>600,613</u>	 <u>478,568</u>	 <u>122,045</u>
 Total Expenditures	 <u>\$ 1,111,939</u>	 <u>\$ 962,996</u>	 <u>\$ 148,943</u>

CAPITAL PROJECTS FUND

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2012</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Construction of New High School and Renovations to Existing Schools	\$ 74,729,155	\$ 74,729,155		
Franklin Park Elementary School- Annex	263,559	263,559		
Elizabeth Avenue Elementary School Renovations	384,972	384,972		
Greenhouse- MacAfee Road School	3,508	3,508		
Franklin High School Track/Athletic Field Renovations	2,850,529	2,811,699	\$ 38,830	
Hillcrest Roof	263,530		263,530	
Sampson Roof	165,981	-	165,981	-
	<u>\$ 78,661,234</u>	<u>\$ 78,192,893</u>	<u>\$ 468,341</u>	<u>\$ -</u>
Less:				
SDA Grant Receivables Cancelled on Fully Expended Projects				\$ (119,234)
Authorized But Not Issued				(638)
Fund Balance- GAAP Basis				<u>\$ (119,872)</u>
<u>Recapitulation of Fund Balance:</u>				
Unassigned				
Capital Projects				\$ (119,872)
Total Fund Balance-Unassigned for Capital Projects				<u>\$ (119,872)</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Revenues and Other Financing Sources

Revenues	
Transfer from Capital Reserve	\$ 446,084
	<u>446,084</u>
Total Revenues and Other Financing Sources	<u>446,084</u>

Expenditures and Other Financing Uses

Expenditures	
Purchased Professional and Technical Services	41,760
Construction Services	426,581
Cancelled State Grant Receivables	170,007
Return Funds to Capital Reserve	<u>90,154</u>
	<u>728,502</u>
Total Expenditures and Other Financing Uses	<u>728,502</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(282,418)
Fund Balance - Beginning of Year	<u>162,546</u>
Fund Balance (Deficit) - End of Year	<u>\$ (119,872)</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN PARK RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 60,441		\$ 60,441	\$ 60,441
State Sources- SCC Grant	26,498	-	26,498	26,498
Total Revenues	<u>86,939</u>	<u>-</u>	<u>86,939</u>	<u>86,939</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	2,409		2,409	2,409
Legal Services	15,960		15,960	15,960
Construction Services	63,233		63,233	63,233
Unallocated	5,337	-	5,337	5,337
Total Expenditures and other Financing Sources	<u>86,939</u>	<u>-</u>	<u>86,939</u>	<u>86,939</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 1610080010503
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 60,441
Original Authorized Cost	\$ 110,000
Revised Authorized Cost	\$ 86,939
Percentage Completion	100.00%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HILLCREST SCHOOL RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 280,800		\$ 280,800	\$ 280,800
Bond Proceeds	674,959	-	674,959	674,959
Total Revenues	<u>955,759</u>	<u>-</u>	<u>955,759</u>	<u>955,759</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	21,709		21,709	21,709
Construction Services	834,371		834,371	834,371
Equipment	27,855		27,855	27,855
Unallocated	71,824	-	71,824	71,824
Total Expenditures and other Financing Sources	<u>955,759</u>	<u>-</u>	<u>955,759</u>	<u>955,759</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 1610100010504
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 674,959
Original Authorized Cost	\$ 1,135,000
Revised Authorized Cost	\$ 955,759
Percentage Completion	100.0%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
CONERLY ROAD SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 230,343		\$ 230,343	\$ 230,343
Bond Proceeds	295,968	-	295,968	295,968
 Total Revenues	<u>526,311</u>	<u>-</u>	<u>526,311</u>	<u>526,311</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	13,461		13,461	13,461
Construction Services	453,462		453,462	453,462
Unallocated	59,388	-	59,388	59,388
 Total Expenditures and other Financing Sources	<u>526,311</u>	<u>-</u>	<u>526,311</u>	<u>526,311</u>
 Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 1610055010505
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 295,968
Original Authorized Cost	\$ 696,000
Revised Authorized Cost	\$ 526,311
 Percentage Completion	 100.0%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 101,283	\$ (4,297)	\$ 96,986	\$ 96,986
Bond Proceeds	<u>172,712</u>	<u>-</u>	<u>172,712</u>	<u>172,712</u>
 Total Revenues	 <u>273,995</u>	 <u>(4,297)</u>	 <u>269,698</u>	 <u>269,698</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	15,097		15,097	15,097
Construction Services	230,348		230,348	230,348
Unallocated	<u>28,550</u>	<u>-</u>	<u>28,550</u>	<u>28,550</u>
 Total Expenditures and other Financing Sources	 <u>273,995</u>	 <u>-</u>	 <u>273,995</u>	 <u>273,995</u>
 Excess (deficiency) of Revenues over (under) Expenditures	 <u>\$ -</u>	 <u>\$ (4,297)</u>	 <u>\$ (4,297)</u>	 <u>\$ (4,297)</u>

Additional Project Information:

Project Number	SP# 1610160010506
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 172,712
Original Authorized Cost	\$ 481,000
Revised Authorized Cost	\$ 269,698
 Percentage Completion	 100.00%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
EXISTING FRANKLIN HIGH SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 534,077	\$ (3,932)	\$ 530,145	\$ 530,145
Bond Proceeds	<u>795,625</u>	<u>-</u>	<u>795,625</u>	<u>795,625</u>
 Total Revenues	 <u>1,329,702</u>	 <u>(3,932)</u>	 <u>1,325,770</u>	 <u>1,325,770</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	31,809		31,809	31,809
Construction Services	1,045,285		1,045,285	1,045,285
Supplies and Materials	29,939		29,939	29,939
Unallocated	<u>222,669</u>	<u>-</u>	<u>222,669</u>	<u>222,669</u>
 Total Expenditures and other Financing Sources	 <u>1,329,702</u>	 <u>-</u>	 <u>1,329,702</u>	 <u>1,329,702</u>
 Excess (deficiency) of Revenues over (under) Expenditures	 <u>\$ -</u>	 <u>\$ (3,932)</u>	 <u>\$ (3,932)</u>	 <u>\$ (3,932)</u>

Additional Project Information:

Project Number	SP# 1610050010507
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 795,625
Original Authorized Cost	\$ 1,348,000
Revised Authorized Cost	\$ 1,325,770
 Percentage Completion	 100.00%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 BUDGETARY BASIS
 EARLY CHILDHOOD DEVELOPMENT CENTER RENOVATIONS
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 249,600		\$ 249,600	\$ 249,600
Bond Proceeds	374,400	-	374,400	374,400
	<u>624,000</u>	<u>-</u>	<u>624,000</u>	<u>624,000</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	15,692		15,692	15,692
Construction Services	572,087		572,087	572,087
Unallocated	36,221	-	36,221	36,221
	<u>624,000</u>	<u>-</u>	<u>624,000</u>	<u>624,000</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 1610E01010508
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 374,400
Original Authorized Cost	\$ 624,000
Revised Authorized Cost	\$ 624,000

Percentage Completion	100.0%
Original Target Completion Date	3/28/2005
Revised Target Completion Date	3/28/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
NEW FRANKLIN HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 16,562,023	\$ (104,145)	\$ 16,457,878	\$ 16,457,878
Bond Proceeds	44,650,777		44,650,777	44,650,777
Transfer from Capital Outlay	1,800,000		1,800,000	1,800,000
Transfer from Capital Reserve	3,170,065	-	3,170,065	3,170,065
	<u>66,182,865</u>	<u>(104,145)</u>	<u>66,078,720</u>	<u>66,078,720</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	310,915		310,915	310,915
Construction Services	35,272,063		35,272,063	35,272,063
Supplies and Materials	1,241,403		1,241,403	1,241,403
Equipment Purchases	92,908		92,908	92,908
Unallocated	29,265,576	-	29,265,576	29,265,576
	<u>66,182,865</u>	<u>-</u>	<u>66,182,865</u>	<u>66,182,865</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ (104,145)</u>	<u>\$ (104,145)</u>	<u>\$ (104,145)</u>

Additional Project Information:

Project Number	SP# 1610N01010500
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 44,650,777
Original Authorized Cost	\$ 61,212,800
Additional Authorized Cost	\$ 4,865,920
Revised Authorized Cost	\$ 66,078,720

Percentage Increase over Original Authorized

Cost	7.95%
Percentage Completion	100.0%
Original Target Completion Date	9/15/2005
Revised Target Completion Date	9/21/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
MacAFEE ROAD SCHOOL ADDITION/ RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 399,935		\$ 399,935	\$ 399,935
Bond Proceeds	919,454	-	919,454	919,454
	<u>1,319,389</u>	<u>-</u>	<u>1,319,389</u>	<u>1,319,389</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	15,041		15,041	15,041
Construction Services	1,108,801		1,108,801	1,108,801
Unallocated	195,547	-	195,547	195,547
	<u>1,319,389</u>	<u>-</u>	<u>1,319,389</u>	<u>1,319,389</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 1610115010501
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 919,454
Original Authorized Cost	\$ 1,387,000
Revised Authorized Cost	\$ 1,319,389
Percentage Completion	100.0%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
PINE GROVE MANOR SCHOOL ADDITION/ RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 409,204		\$ 409,204	\$ 409,204
Bond Proceeds	1,704,970	-	1,704,970	1,704,970
	<u>2,114,174</u>	<u>-</u>	<u>2,114,174</u>	<u>2,114,174</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	253		253	253
Construction Services	693,167		693,167	693,167
Supplies and Materials	26,643		26,643	26,643
Unallocated	1,394,111	-	1,394,111	1,394,111
	<u>2,114,174</u>	<u>-</u>	<u>2,114,174</u>	<u>2,114,174</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 16101040010502
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 1,704,970
Original Authorized Cost	\$ 2,188,000
Revised Authorized Cost	\$ 2,114,174
Percentage Completion	100.0%
Original Target Completion Date	9/1/2004
Revised Target Completion Date	9/1/2004

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ELIZABETH AVENUE SCHOOL ADDITION/ RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 321,837		\$ 321,837	\$ 321,837
Bond Proceeds	598,056	-	598,056	598,056
Total Revenues	919,893	-	919,893	919,893
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	624		624	624
Construction Services	249,087		249,087	249,087
Supplies and Materials	1,881		1,881	1,881
Unallocated	668,301	-	668,301	668,301
Total Expenditures and other Financing Sources	919,893	-	919,893	919,893
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ -	\$ -	\$ -

Additional Project Information:

Project Number	SP# 1610070000018
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 598,056
Original Authorized Cost	\$ 936,000
Revised Authorized Cost	\$ 919,893
Percentage Completion	100.0%
Original Target Completion Date	9/1/2004
Revised Target Completion Date	9/1/2004

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN PARK ELEMENTARY SCHOOL - ANNEX
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 116,699	\$ (20,191)	\$ 96,508	\$ 96,508
Transfer from Capital Reserve	<u>179,773</u>	<u>(19,582)</u>	<u>160,191</u>	<u>160,191</u>
 Total Revenues	 <u>296,472</u>	 <u>(39,773)</u>	 <u>256,699</u>	 <u>256,699</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	12,590		12,590	12,590
Construction Services	<u>250,969</u>	<u>-</u>	<u>250,969</u>	<u>250,969</u>
 Total Expenditures and other Financing Sources	 <u>263,559</u>	 <u>-</u>	 <u>263,559</u>	 <u>263,559</u>
 Excess (deficiency) of Revenues over (under) Expenditures	 <u>\$ 32,913</u>	 <u>\$ (39,773)</u>	 <u>\$ (6,860)</u>	 <u>\$ (6,860)</u>

Additional Project Information:

Project Number	SP# 1610-080-05-1000
Grant Date	5/17/2005
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 91,148
Revised Authorized Cost	\$ 256,699
 Percentage Completion	 100.0%
Original Target Completion Date	
Revised Target Completion Date	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ELIZABETH AVENUE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 195,798	\$ (37,442)	\$ 158,356	\$ 158,356
Transfer from Capital Reserve	293,696	(67,080)	226,616	226,616
Total Revenues	<u>489,494</u>	<u>(104,522)</u>	<u>384,972</u>	<u>384,972</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	8,643		8,643	8,643
Construction Services	376,329	-	376,329	376,329
Total Expenditures and other Financing Sources	<u>384,972</u>	<u>-</u>	<u>384,972</u>	<u>384,972</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 104,522</u>	<u>\$ (104,522)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP# 1610-070-05-1000
Grant Date	5/17/2005
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 489,494
Revised Authorized Cost	\$ 384,972
Percentage Completion	100.0%
Original Target Completion Date	
Revised Target Completion Date	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 BUDGETARY BASIS
 MACAFEE ROAD SCHOOL GREENHOUSE
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 7,000	(3,492)	\$ 3,508	\$ 3,508
Total Revenues	<u>7,000</u>	<u>(3,492)</u>	<u>3,508</u>	<u>3,508</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	3,508	-	3,508	3,508
Total Expenditures and other Financing Sources	<u>3,508</u>	<u>-</u>	<u>3,508</u>	<u>3,508</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 3,492</u>	<u>\$ (3,492)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	1610-115-07-1000
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 51,090
Revised Authorized Cost	\$ 3,508
Percentage Completion	100%
Original Target Completion Date	9/1/2009
Revised Target Completion Date	9/1/2009

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 BUDGETARY BASIS
 FRANKLIN HIGH SCHOOL TRACK RENOVATIONS
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 2,833,956	\$ 16,573	\$ 2,850,529	2,850,529
Total Revenues	<u>2,833,956</u>	<u>16,573</u>	<u>2,850,529</u>	<u>2,850,529</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	188,445	13,830	202,275	202,275
Construction Services	<u>2,623,254</u>	<u>25,000</u>	<u>2,648,254</u>	<u>2,648,254</u>
Total Expenditures and other Financing Sources	<u>2,811,699</u>	<u>38,830</u>	<u>2,850,529</u>	<u>2,850,529</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 22,257</u>	<u>\$ (22,257)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	1610-050-09-1000
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,906,300
Revised Authorized Cost	\$ 2,850,529
Percentage Completion	100%
Original Target Completion Date	5/2010
Revised Target Completion Date	2011/12

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	\$ 165,981	\$ 165,981	\$ 165,981
 Total Revenues	 <u>165,981</u>	 <u>165,981</u>	 <u>165,981</u>
EXPENDITURES AND OTHER FINANCING SOURCES			
Purchased Professional and Technical Services	10,850	10,850	10,850
Construction Services	<u>155,131</u>	<u>155,131</u>	<u>155,131</u>
 Total Expenditures and other Financing Sources	 <u>165,981</u>	 <u>165,981</u>	 <u>165,981</u>
 Excess (deficiency) of Revenues over (under) Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 165,981
Revised Authorized Cost	
 Percentage Completion	 100%
Original Target Completion Date	2011/12
Revised Target Completion Date	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 BUDGETARY BASIS
 HILLCREST ROOF REPLACEMENT
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES			
Transfer from Capital Reserve	\$ 263,530	\$ 263,530	\$ 263,530
Total Revenues	263,530	263,530	263,530
 EXPENDITURES AND OTHER FINANCING SOURCES			
Purchased Professional and Technical Services	17,080	17,080	17,080
Construction Services	246,450	246,450	246,450
Total Expenditures and other Financing Sources	263,530	263,530	263,530
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ -	\$ -

Additional Project Information:

Project Number	N/A	
Grant Date	N/A	
Bond Issue Date	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$ 263,530	
Revised Authorized Cost		
Percentage Completion	100%	
Original Target Completion Date	2011/12	
Revised Target Completion Date		

ENTERPRISE FUNDS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 ADULT EDUCATION ENTERPRISE FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012

	Non-Major Enterprise <u>Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ _____ -
Total Assets	_____ -
NET ASSETS	
Unrestricted	_____ -
Total Net Assets	\$ _____ -

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADULT EDUCATION ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Non-Major Enterprise <u>Fund</u>
OPERATING REVENUES	
Charges for Services	
Program Fees	-
	-
Total Operating Revenues	-
OPERATING EXPENSES	
Miscellaneous	\$ 4,975
	4,975
Total Operating Expenses	4,975
Operating Loss	(4,975)
NONOPERATING REVENUES	
Interest and Investment Revenue	1
	1
Total Nonoperating Revenues	1
Change in Net Assets	(4,974)
Net Assets, Beginning of Year	4,974
Net Assets, End of Year	\$ -

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ADULT EDUCATION ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Non-Major Enterprise Fund
Cash Flows from Operating Activities	
Cash Payments to Supplies for Goods and Services	\$ <u>(4,975)</u>
Net Cash Provided (Used) by Operating Activities	<u>(4,975)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>1</u>
Net Cash Provided by Investing Activities	<u>1</u>
Net Decrease in Cash and Cash Equivalents	(4,974)
Cash and Cash Equivalents, Beginning of Year	<u>4,974</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ <u>(4,975)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	<u>-</u>
Total Adjustments	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,975)</u>

FIDUCIARY FUNDS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 232,000	\$ 2,939,102	\$ 3,171,102
Cash with Fiscal Agents	<u>-</u>	<u>6,586</u>	<u>6,586</u>
 Total Assets	 <u>\$ 232,000</u>	 <u>\$ 2,945,688</u>	 <u>\$ 3,177,688</u>
 LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 13,789	\$ 13,789
Accrued Salaries & Wages		2,925,313	2,925,313
Flexible Spending (Sect. 125) Plan Account		6,586	6,586
Due to Student Groups	<u>\$ 232,000</u>	<u>-</u>	<u>232,000</u>
 Total Liabilities	 <u>\$ 232,000</u>	 <u>\$ 2,945,688</u>	 <u>\$ 3,177,688</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2012</u>
ELEMENTARY SCHOOLS				
Franklin Park	\$ 2,504	\$ 13,268	\$ 8,253	\$ 7,519
Hillcrest	452		452	-
Sampson G. Smith	38,546	61,743	63,164	37,125
MIDDLE SCHOOL	58,177	108,877	96,214	70,840
HIGH SCHOOL	<u>122,604</u>	<u>426,110</u>	<u>432,198</u>	<u>116,516</u>
Total	<u>\$ 222,283</u>	<u>\$ 609,998</u>	<u>\$ 600,281</u>	<u>\$ 232,000</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2012</u>
Payroll Deductions and Withholdings	\$ 83,054	\$ 37,421,905	\$ 37,491,170	\$ 13,789
Flexible Spending (Section 125) Plan Account		44,250	37,664	6,586
Accrued Salaries and Wages	<u>2,949,456</u>	<u>87,468,530</u>	<u>87,492,673</u>	<u>2,925,313</u>
	<u>\$ 3,032,510</u>	<u>\$ 124,934,685</u>	<u>\$ 125,021,507</u>	<u>\$ 2,945,688</u>

LONG-TERM DEBT

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2011</u>	<u>Decreased</u>	<u>Balance, June 30, 2012</u>
School District Bonds	4/15/2001	\$ 50,248,000	8/15/2011	\$ 2,200,000	Var.	\$ 2,200,000	\$ 2,200,000	
Refunding School Bonds	3/1/2003	\$ 11,540,000	8/15/2012	1,110,000	Var.			
			8/15/2013	1,095,000				
			8/15/2014	1,080,000				
			8/15/2015	1,065,000				
			8/15/2016	1,050,000		6,525,000	1,125,000	\$ 5,400,000
Refunding School Bonds	6/29/2006	\$ 10,000,000	8/15/2012-16	20,000	3.75-4.00%			
			8/15/2017-21	25,000	4.15%			
			8/15/2022	30,000	4.35%			
			8/15/2023	2,310,000	4.375%			
			8/15/2024	2,410,000	4.375%			
			8/15/2025	2,395,000	4.375%			
			8/15/2026	2,375,000	4.375%	9,765,000	20,000	9,745,000
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2012	2,165,000	4.000%			
			8/15/2013	2,155,000	4.000%			
			8/15/2014	2,150,000	4.500%			
			8/15/2015	2,145,000	4.000%			
			8/15/2016	2,140,000	5.000%			
			8/15/2017	2,195,000	5.000%			
			8/15/2018	2,240,000	4.250%			
			8/15/2019	2,335,000	5.000%			
			8/15/2020-21	2,340,000	5.000%			
			8/15/2022	1,335,000	5.000%			
			8/15/2022	1,000,000	4.000%			
			8/15/2023	45,000	4.000%	24,590,000	5,000	24,585,000
						\$ 43,080,000	\$ 3,350,000	\$ 39,730,000
							\$ 3,350,000	\$ 3,350,000

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR JUNE 30, 2012**

NOT APPLICABLE

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 5,179,875		\$ 5,179,875	\$ 5,179,875	
Miscellaneous	-	-	-	10,124	\$ 10,124
Total Revenues	<u>5,179,875</u>	<u>-</u>	<u>5,179,875</u>	<u>5,189,999</u>	<u>10,124</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	1,829,875		1,829,875	1,829,875	
Redemption of Principal	3,350,000	-	3,350,000	3,350,000	-
Total Expenditures	<u>5,179,875</u>	<u>-</u>	<u>5,179,875</u>	<u>5,179,875</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,124</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	10,124	10,124
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,124</u>	<u>\$ 10,124</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted:					
Available for Debt Service Expenditures				<u>\$ 10,124</u>	

STATISTICAL SECTION

This part of the Franklin Township Public School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government 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 for the relevant year.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NET ASSETS BY COMPONENT
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities						(Restated)				
Invested in Capital Assets, Net of Related Debt	\$ 4,806,808	\$ 13,695,160	\$ 26,501,413	\$ 33,813,407	\$ 34,220,564	\$ 33,831,771	\$ 35,149,989	\$ 38,398,886	\$ 41,107,004	\$ 43,767,111
Restricted	3,615,334	4,564,245	2,014,805	987,610	1,083,816	2,200,667	3,152,950	469,197	494,561	2,418,650
Unrestricted	1,971,231	6,329,840	5,305,968	5,014,588	7,053,547	4,289,887	(1,090,978)	(360,174)	(1,300,219)	(531,325)
Total Governmental Activities Net Assets	\$ 10,393,373	\$ 24,589,245	\$ 33,822,186	\$ 39,815,605	\$ 42,357,927	\$ 40,322,325	\$ 37,211,961	\$ 38,507,909	\$ 40,301,346	\$ 45,654,436
Business-Type Activities										
Invested in Capital Assets	\$ 243,654	\$ 220,353	\$ 259,304	\$ 225,138	\$ 190,972	\$ 303,922	\$ 290,405	\$ 290,826	\$ 252,883	\$ 335,719
Restricted	743,946	776,834	741,067	1,096,663	1,414,083	1,025,301	1,040,844	1,002,349	1,020,653	1,012,874
Unrestricted	987,580	997,187	1,000,371	1,321,801	1,605,055	1,329,223	1,331,249	1,293,175	1,273,536	1,348,593
Total Business-Type Activities Net Assets	\$ 5,050,442	\$ 13,915,513	\$ 26,760,717	\$ 34,038,545	\$ 34,411,536	\$ 34,135,693	\$ 35,440,394	\$ 38,689,712	\$ 41,359,887	\$ 44,102,830
District-Wide										
Invested in Capital Assets, Net of Related Debt	3,615,334	4,564,245	2,014,805	987,610	1,083,816	2,200,667	3,152,950	469,197	494,561	2,418,650
Restricted	2,715,177	7,106,674	6,047,035	6,111,251	8,467,630	5,315,188	(50,134)	642,175	(279,566)	481,549
Unrestricted	11,380,953	25,586,432	34,822,557	41,137,406	43,962,982	41,651,548	38,543,210	39,801,084	41,574,882	47,803,029
Total District Net Assets	\$ 11,380,953	\$ 25,586,432	\$ 34,822,557	\$ 41,137,406	\$ 43,962,982	\$ 41,651,548	\$ 38,543,210	\$ 39,801,084	\$ 41,574,882	\$ 47,803,029

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 32,061,944	\$ 34,534,271	\$ 38,201,066	\$ 44,056,060	\$ 48,211,800	\$ 51,609,084	\$ 52,491,925	\$ 51,800,496	\$ 51,187,383	\$ 52,508,130
Special Education	15,380,282	17,274,355	18,595,855	21,426,069	22,909,301	23,840,057	23,607,825	24,657,000	25,441,211	25,023,891
Vocational- Tuition	161,018	168,366	175,472	166,467	203,844	200,478	222,850	283,705	313,672	250,761
Other Instruction	2,279,080	2,275,153	2,054,900	3,576,153	3,509,757	4,639,464	4,956,848	4,973,648	4,702,223	5,248,842
School Sponsored Activities And Athletics	1,185,979	1,163,921	1,279,113	1,193,274	1,592,963	1,539,266	1,603,049	1,635,318	1,552,538	1,754,456
Support Services:										
Student & Instruction Related Services	11,004,075	10,892,580	11,756,642	13,279,448	14,009,604	14,995,363	16,013,316	17,932,549	19,965,665	19,962,740
School Administrative Services	4,109,692	4,327,060	4,583,016	5,048,879	5,746,753	5,827,957	5,788,752	6,107,929	5,950,228	6,372,457
General Administration	1,909,288	1,918,632	1,893,598	2,098,218	2,034,609	2,196,666	2,780,841	1,994,328	2,201,551	2,279,687
Central Services										
Plant Operations And Maintenance	8,362,200	9,232,291	10,062,397	13,701,912	13,808,917	14,765,579	15,505,186	14,671,738	14,312,598	13,224,205
Administrative Information Technology										
Pupil Transportation	9,406,674	9,814,584	10,108,547	10,737,250	11,188,708	11,425,661	12,284,009	12,727,188	12,834,232	13,034,098
Other Support Services	1,622,258	1,783,977	2,122,731	2,335,475	2,548,681	2,784,542	2,850,416	2,991,567	2,656,473	2,737,984
Special Schools	153,811									
Interest On Long-Term Debt	3,155,422	2,989,561	2,873,512	2,605,224	2,786,764	2,429,476	1,970,981	2,020,812	1,991,040	1,857,458
Total Governmental Activities Expenses	<u>90,791,723</u>	<u>96,374,751</u>	<u>103,706,849</u>	<u>120,024,429</u>	<u>128,551,701</u>	<u>136,253,593</u>	<u>140,075,998</u>	<u>141,796,278</u>	<u>143,088,814</u>	<u>144,254,709</u>
Business-Type Activities:										
Food Service	1,705,643	1,760,097	1,834,893	1,832,267	2,051,028	2,622,446	2,364,073	2,532,877	2,666,604	2,791,092
Child Care	665,073	743,228	768,062	818,950	848,377	1,000,367	1,073,111	1,021,256	958,231	884,280
Other Business-Types	112,793	78,087	82,100	71,346	86,233	84,861	82,599	49,278	-	4,975
Total Business-Type Activities Expense	<u>2,483,509</u>	<u>2,581,412</u>	<u>2,685,055</u>	<u>2,722,563</u>	<u>2,985,638</u>	<u>3,707,674</u>	<u>3,519,783</u>	<u>3,623,411</u>	<u>3,624,835</u>	<u>3,680,347</u>
Total District Expenses	<u>\$ 93,275,232</u>	<u>\$ 98,956,163</u>	<u>\$ 106,391,904</u>	<u>\$ 122,746,992</u>	<u>\$ 131,537,339</u>	<u>\$ 139,961,267</u>	<u>\$ 143,595,781</u>	<u>\$ 145,419,689</u>	<u>\$ 146,713,649</u>	<u>\$ 147,935,056</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)				\$ 45,498	\$ 1,652	\$ 25,336	\$ 6,050	\$ 73,741	\$ 133,882	\$ 165,595
Pupil Transportation								9,476	4,113	4,862
Central And Other Support Services								33,995	13,911	-
Operating Grants And Contributions	\$ 18,784,415	\$ 20,065,811	\$ 20,923,367	\$ 22,760,777	\$ 25,127,791	\$ 26,166,713	\$ 20,768,547	\$ 24,635,038	\$ 19,604,323	\$ 21,655,220
Capital Grants And Contributions	1,833,131	5,320,122	7,229,411	4,168,794	-	-	477,119	-	238,951	-
Total Governmental Activities Program Revenues	<u>20,617,546</u>	<u>25,385,933</u>	<u>28,152,778</u>	<u>26,975,069</u>	<u>25,129,443</u>	<u>26,192,049</u>	<u>21,251,716</u>	<u>24,752,248</u>	<u>19,995,180</u>	<u>21,825,677</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:										
Charges For Services	\$ 996,998	\$ 1,121,654	\$ 1,147,708	\$ 1,309,147	\$ 1,281,876	\$ 1,273,416	\$ 1,276,337	\$ 1,196,709	\$ 1,217,436	\$ 1,209,131
Food Service	642,448	663,898	673,467	802,010	920,820	1,036,865	1,060,079	982,827	891,065	887,099
Child Care	81,049	70,760	69,014	65,090	76,173	76,294	67,941	22,118	-	-
Other Business-Types	529,330	614,293	702,069	837,237	881,792	1,006,345	1,106,970	1,362,697	1,494,268	1,663,011
Operating Grants And Contributions	-	-	-	-	-	-	-	16,882	-	-
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	2,249,825	2,470,605	2,522,258	3,013,484	3,160,661	3,392,920	3,511,327	3,581,233	3,602,769	3,759,241
Total District Program Revenues	\$ 22,867,371	\$ 27,856,538	\$ 30,745,036	\$ 29,988,553	\$ 28,290,104	\$ 29,584,969	\$ 24,763,043	\$ 28,333,481	\$ 23,597,949	\$ 25,584,918
Net (Expense)/Revenue	\$ (70,174,177)	\$ (70,988,818)	\$ (75,554,071)	\$ (93,049,360)	\$ (103,422,258)	\$ (110,061,544)	\$ (118,824,282)	\$ (117,044,030)	\$ (123,093,634)	\$ (122,429,032)
Governmental Activities	(233,684)	(110,807)	(92,797)	290,921	175,023	(314,754)	(8,456)	(42,178)	(22,066)	78,894
Business-Type Activities	(70,407,861)	(71,099,625)	(75,646,868)	(92,758,439)	(103,247,235)	(110,376,298)	(118,832,738)	(117,086,208)	(123,115,700)	(122,350,138)
Total District-Wide Net Expense	76,004,390	85,184,690	86,362,914	99,861,365	105,964,580	109,345,108	115,713,918	118,339,978	124,887,071	127,904,308
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 69,092,605	\$ 77,334,451	\$ 78,460,736	\$ 90,990,075	\$ 96,893,929	\$ 100,491,900	\$ 103,710,205	\$ 107,858,613	\$ 113,522,271	\$ 116,566,508
Taxes Levied For Debt Service	5,868,844	5,523,524	5,541,487	5,547,740	5,591,169	5,540,618	5,555,972	5,473,040	5,256,152	5,179,875
Federal and State Aid Unrestricted	39,294	700,941	1,338,348	1,777,588	2,060,619	2,344,227	6,012,350	4,675,225	5,635,918	5,394,973
Investment Earnings	619,256	268,482	274,033	782,265	994,285	826,863	186,141	147,413	104,097	20,304
Miscellaneous Income	384,391	1,459,371	748,310	763,697	424,578	141,500	249,250	185,687	368,633	742,648
Transfers	-	(102,079)	-	-	-	-	-	-	-	-
Total Governmental Activities	76,004,390	85,184,690	86,362,914	99,861,365	105,964,580	109,345,108	115,713,918	118,339,978	124,887,071	127,904,308
Business-Type Activities:										
Investment Earnings	15,592	4,998	3,156	21,291	57,134	38,922	10,482	4,104	2,427	2,246
Miscellaneous Income	-	13,337	19,708	9,218	51,097	-	-	-	-	-
Transfers	-	102,079	-	-	-	-	-	-	-	-
Total Business-Type Activities	15,592	120,414	22,864	30,509	108,231	38,922	10,482	4,104	2,427	2,246
Total District-Wide	\$ 76,019,982	\$ 85,305,104	\$ 86,385,778	\$ 99,891,874	\$ 106,072,811	\$ 109,384,030	\$ 115,724,400	\$ 118,344,082	\$ 124,889,498	\$ 127,906,554
Change in Net Assets	\$ 5,830,213	\$ 14,195,872	\$ 10,808,843	\$ 6,812,005	\$ 2,542,322	\$ (716,436)	\$ (3,110,364)	\$ 1,295,948	\$ 1,793,437	\$ 5,475,276
Governmental Activities	(218,092)	9,607	(69,933)	321,430	283,254	(275,832)	2,026	(38,074)	(19,639)	81,140
Business-Type Activities	5,612,121	14,205,479	10,738,910	7,133,435	2,825,576	(992,268)	(3,108,338)	1,257,874	1,773,798	5,556,416
Total District	\$ 5,612,121	\$ 14,205,479	\$ 10,738,910	\$ 7,133,435	\$ 2,825,576	\$ (992,268)	\$ (3,108,338)	\$ 1,257,874	\$ 1,773,798	\$ 5,556,416

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 2,232,445	\$ 9,543,242	\$ 8,389,601	\$ 8,492,746	\$ 7,833,845	\$ 6,608,583	\$ 3,733,172	\$ 546,341	\$ 51,745	\$ 47,811
Unreserved	5,141,312	3,977,073	2,621,796	1,757,637	4,209,850	3,593,878	1,797,093	2,260,009	469,450	2,408,526
Nonspendable									95,106	
Restricted									2,178,215	2,055,391
Committed									(161,953)	537,201
Assigned										
Unassigned										
Total General Fund	\$ 7,373,757	\$ 13,520,315	\$ 11,011,397	\$ 10,250,383	\$ 12,043,695	\$ 10,202,461	\$ 5,530,265	\$ 2,806,350	\$ 2,632,563	\$ 5,048,929
All Other Governmental Funds										
Reserved	\$ 52,667,974	\$ 31,989,316	\$ 11,346,400	\$ 997,963	\$ 78,637	\$ 595,484	\$ 218,637	\$ 1,096,972	\$ 25,111	\$ 10,124
Unreserved	(8,093,514)	(6,518,715)	(4,400,757)	(447,245)	(645,793)	(1,091,062)	(268,312)	(260,118)		
Restricted										
Unassigned										(119,872)
Total All Other Governmental Funds	\$ 44,574,460	\$ 25,470,601	\$ 6,945,643	\$ 550,718	\$ (567,156)	\$ (495,578)	\$ (49,675)	\$ 836,854	\$ 25,111	\$ (109,748)

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(Unaudited)
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property Tax Levy	\$ 74,961,449	\$ 82,837,975	\$ 84,002,223	\$ 96,537,815	\$ 102,485,098	\$ 106,032,518	\$ 109,266,177	\$ 113,331,653	\$ 118,778,423	\$ 121,746,383
Interest Earnings	619,256	268,482	274,033	782,265	994,285	826,863	186,141	147,413	104,097	20,304
Miscellaneous	387,982	1,474,169	748,310	456,033	186,136	186,136	276,290	346,113	559,070	941,205
State Sources	18,048,538	23,325,172	26,448,434	24,956,708	23,870,556	25,622,391	24,303,925	24,641,410	20,636,160	24,265,977
Federal Sources	2,604,710	2,746,904	3,041,467	3,733,005	3,288,053	2,868,249	2,931,101	4,625,637	4,804,501	2,756,116
Total Revenue	96,621,935	110,672,702	114,514,467	126,836,434	131,094,025	135,537,157	136,965,634	143,092,226	144,882,251	149,729,985
Expenditures										
Instruction										
Regular Instruction	31,858,167	34,489,189	37,987,381	42,476,656	46,841,568	50,070,926	50,682,415	50,479,575	49,798,775	51,260,986
Special Education Instruction	15,378,511	17,268,605	18,572,917	21,005,099	22,500,290	23,427,431	22,986,773	24,208,814	25,009,408	23,478,244
Vocational Education-Tuition	161,018	168,366	175,472	166,467	203,844	200,478	222,850	276,847	290,720	250,761
Other Instruction	2,278,030	2,153,859	1,910,551	3,229,615	3,513,819	4,454,173	4,724,311	4,780,010	4,722,248	5,267,425
School Sponsored Activities and Athletics	1,172,947	1,150,078	1,272,362	1,192,903	1,418,730	1,340,371	1,598,045	1,633,437	1,552,815	1,759,726
Adult/Continuing Education	120,244	131,787	145,281	175,878	188,777	190,908	214,703	190,908	190,908	190,908
Support Services										
Student and Inst. Related Services	11,008,045	11,061,614	11,672,410	13,067,532	13,828,828	14,809,948	15,888,318	17,881,242	19,912,229	21,105,381
General Administration	1,854,714	1,862,185	1,855,688	2,097,887	2,035,705	2,197,479	2,660,521	6,053,385	5,838,446	6,321,732
School Administrative Services	4,034,691	4,247,144	4,518,221	4,961,893	5,641,422	2,197,464	2,666,626	1,909,371	2,114,949	2,251,227
Plant Operations And Maintenance	7,515,618	8,317,269	8,963,115	13,394,108	13,311,401	14,264,885	15,104,864	14,325,775	13,943,526	12,957,922
Pupil Transportation	9,375,854	9,770,012	10,063,191	10,623,961	11,106,169	11,342,866	12,141,341	12,594,331	12,702,501	12,750,025
Other Support Services	1,596,005	1,757,724	2,108,074	2,322,839	2,523,886	2,758,851	2,839,693	2,992,863	2,624,129	2,639,022
Employee Benefits	153,811	153,811	153,811	153,811	153,811	153,811	153,811	153,811	153,811	153,811
Special Schools	6,265,224	24,759,953	30,737,444	13,996,797	1,518,424	759,746	893,809	2,201,338	2,010,559	2,226,152
Capital Outlay	2,579,693	3,445,487	2,730,000	2,870,000	3,199,000	3,195,000	3,310,000	3,715,000	3,365,000	3,350,000
Debt Service:										
Principal	3,301,044	2,956,195	2,846,730	3,320,753	2,599,623	2,375,618	2,257,658	1,686,716	1,962,476	1,829,875
Interest and Other Charges										
Total Expenditures	98,533,372	123,527,924	135,548,345	134,871,791	130,418,587	137,306,812	141,191,927	144,929,612	145,867,781	147,448,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,911,437)	(12,855,222)	(21,033,876)	(8,035,357)	675,438	(1,769,656)	(4,226,293)	(1,837,386)	(985,530)	2,281,507
Other Financing Sources (Uses)										
Refunding Bonds Issued	11,540,000			10,000,000			24,970,000			
Payment to Refunded Bond Escrow Agent	(10,515,000)			(9,483,000)			(25,265,000)			
Original Issue Premium				95,750			2,893,497			
Refunding Bond Issuance Costs	(146,282)						(211,126)			
Advance Refunding Escrow	(878,718)			266,688			(2,387,371)			
capital Leases (non-budgeted)	491,769	384,060	3,845,142	2,978,449	42,582	614,089	173,107	2,684,056		536,238
Transfers In	(491,769)	(486,129)	(3,845,142)	(2,978,449)	(42,582)	(614,089)	(173,107)	(2,684,056)		(536,238)
Transfers Out										
Total Other Financing Sources (Uses)	-	(102,079)	-	879,418	-	-	-	-	-	-
Net Change in Fund Balances	\$ (1,911,437)	\$ (12,957,301)	\$ (21,033,876)	\$ (7,155,939)	\$ 675,438	\$ (1,769,656)	\$ (4,226,293)	\$ (1,837,386)	\$ (985,530)	\$ 2,281,507
Debt Service as a Percentage of Noncapital Expenditures	6.37%	6.48%	5.32%	5.12%	4.50%	4.08%	3.97%	3.78%	3.70%	3.57%

* Noncapital expenditures are total expenditures less capital outlay.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS*
(UNAUDITED)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$ 97,949	\$ 384,391	\$ 482,340
2004	5,979	1,459,371	1,465,350
2005	17,665	723,955	741,620
2006	692,048	763,697	1,455,745
2007	951,703	181,948	1,133,651
2008	825,426	166,836	992,262
2009	186,127	255,300	441,427
2010	147,413	302,896	450,309
2011	104,097	520,540	624,637
2012	20,304	902,981	923,285

Source: District Records

*Prior to fiscal year 2003 interest on investments for capital reserve was reported as part of miscellaneous therefore the information was not segregated.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land		Residential		Farm, Reg.		Ofarm		Commercial		Industrial		Apartment		Total Assessed Value		Public Utilities		Net Valuation Taxable		Estimated Actual (County Equalized) Value		Total Direct School Tax Rate		
2003	\$ 98,638,250		\$ 4,033,725,350		\$ 49,244,000		\$ 3,384,900		\$ 827,616,100		\$ 543,319,700		\$ 193,796,260		\$ 5,749,724,560	\$ 12,206,883	\$ 5,761,931,443		\$ 5,761,931,443		\$ 1,370		\$ 5,761,931,443		\$ 1,370
2004	179,095,950		4,497,593,350		52,339,000		3,042,300		832,728,000		554,604,600		194,353,760		6,313,758,960	13,744,778	5,600,744,749		6,327,503,738		1,330		5,600,744,749		1,330
2005	146,613,750		5,533,243,600		56,405,400		2,897,900		879,781,300		611,447,300		209,567,220		7,439,956,470	13,229,788	7,453,186,258		7,453,186,258		1,210		7,453,186,258		1,210
2006	121,595,650		6,476,795,790		61,905,700		2,580,100		951,688,500		662,197,700		251,172,400		8,527,955,840	12,842,526	8,540,778,366		8,540,778,366		1,166		8,540,778,366		1,166
2007	138,567,850		6,629,723,030		61,565,800		2,638,900		991,258,400		667,004,600		266,447,700		8,757,206,280	13,164,292	8,770,370,572		8,770,370,572		1,190		8,770,370,572		1,190
2008	135,587,850		6,724,718,300		60,513,300		2,584,500		985,424,000		662,629,900		275,640,000		8,847,097,850	13,237,840	8,640,599,365		8,640,599,365		1,215		8,640,599,365		1,215
2009	184,284,150		6,367,591,200		54,596,700		2,552,600		1,583,502,300		1,011,952,300		395,120,100		9,599,599,350	15,837,185	9,599,599,350		9,599,599,350		1,158		9,599,599,350		1,158
2010	169,438,250		6,132,246,200		53,574,000		2,591,200		1,519,943,600		956,461,000		369,729,000		9,203,983,250	17,107,016	9,221,090,266		9,221,090,266		1,259		9,221,090,266		1,259
2011	145,990,550		6,140,490,060		53,565,500		2,515,100		1,575,946,400		930,753,500		373,499,000		9,222,760,110	13,553,369	9,038,656,371		9,236,313,479		1,947		9,038,656,371		1,947
2012	135,353,750		6,011,415,000		52,982,700		2,531,400		1,512,771,600		870,387,700		380,959,000		8,966,601,150	13,443,173	8,716,929,024		8,980,044,323		1,373		8,716,929,024		1,373

Source: County Abstract of Ratables

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPERTY TAX RATES
LAST TEN YEARS
(UNAUDITED)**

<u>Calendar Year</u>	<u>Local School</u>	<u>Municipal Tax</u>	<u>County Tax</u>	<u>Total Tax Levy</u>
2012	\$ 123,294,639	\$ 38,261,670	\$ 29,745,051	\$ 191,301,359
2011	120,262,403	34,291,090	26,892,382	181,445,875
2010	116,055,038	34,947,230	28,443,626	179,445,894
2009	111,298,915	33,989,251	28,307,600	173,595,766
2008	107,649,348	33,195,765	27,353,108	168,198,221
2007	104,258,808	32,411,805	25,979,059	162,649,672
2006	99,511,457	30,685,403	25,843,889	156,040,749
2005	90,270,019	25,820,920	21,250,937	137,341,876
2004	83,430,099	21,182,985	21,621,702	126,234,786
2003	78,909,712	24,089,653	19,749,731	122,749,096
Per \$100 Of Assessed Valuation				
2012	1.373	0.426	0.332	2.131
2011	1.302	0.421	0.323	2.046
2010	1.259	0.378	0.31	1.947
2009	1.158	0.353	0.295	1.810
2008	1.215	0.309	0.375	1.900
2007	1.19	0.0371	0.299	1.860
2006	1.166	0.36	0.304	1.830
2005	1.21	0.35	0.37	1.93
2004	1.33	0.34	0.39	2.06
2003	1.37	0.42	0.35	2.14

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
I & G Garden State, LLC	\$ 119,660,000	1.333%
Morgan Stanley MGT % Frank Torres	81,464,000	0.907%
SHI International Corp.	58,542,000	0.652%
Corporate Real Est. Holding % C&W Inc.	55,940,000	0.623%
Segal Realty Corp.	52,700,000	0.587%
Levin Properties, LP	50,232,000	0.559%
Green Hill Manor Developers LLC	46,600,000	0.519%
Philips Electronics	41,000,000	0.457%
La Fonge Associates	40,150,000	0.447%
Wood West Realty, LLC	39,600,000	0.441%
	\$ 585,888,000	6.524%

	2003	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wellsford		0.000%
290 Davidson Avenue		0.000%
Merrill Lynch		0.000%
Equistar Somerset	NOT AVAILABLE	0.000%
THI Somerset, LP		0.000%
Segal Realty Corp.		0.000%
First Industrial L.P.		0.000%
LaFonge Associates		0.000%
Pierce Davidson Associates, LP		0.000%
Rond LLC		0.000%
	\$ -	0.00%

Source: Municipal Tax Assessor

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 74,961,449	\$ 74,961,449	100.00%	-
2004	82,857,975	82,857,975	100.00%	-
2005	84,002,223	84,002,223	100.00%	-
2006	96,537,815	96,537,815	100.00%	-
2007	102,485,098	102,485,098	100.00%	-
2008	106,032,518	106,032,518	100.00%	-
2009	109,266,177	109,266,177	100.00%	-
2010	113,331,653	113,331,653	100.00%	-
2011	118,778,423	118,778,423	100.00%	-
2012	121,746,383	121,193,063	99.55%	\$ 553,320

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2005	\$ 62,512,000					59,413	\$ 1,052
2006	60,159,000		\$ 198,263			60,808	993
2007	56,960,000		99,229			61,635	926
2008	53,765,000		16,360			62,124	866
2009	50,160,000					62,903	797
2010	46,445,000					62,421	744
2011	43,080,000					62,577 (E)	688
2012	39,730,000					62,577 (E)	635

(E) Estimated

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	\$ 62,512,000		\$ 62,512,000	0.84%	\$ 1,052
2006	60,159,000		60,159,000	0.70%	989
2007	56,960,000		56,960,000	0.65%	924
2008	53,765,000		53,765,000	0.62%	865
2009	50,160,000		50,160,000	0.52%	797
2010	46,445,000		46,445,000	0.50%	744
2011	43,080,000		43,080,000	0.47%	688
2012	39,730,000		39,730,000	0.44%	635

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Township of Franklin	\$ 62,709,764	\$ 34,110,704	\$ 28,599,060
School Debt	<u>39,730,000</u>	<u>39,730,000</u>	<u>-</u>
	<u>\$ 102,439,764</u>	<u>\$ 73,840,704</u>	
Overlapping Debt Apportioned to the Municipality:			
Somerset County:			
County of Somerset(A)			<u>27,889,856</u>
			<u>27,889,856</u>
Total Direct and Overlapping Debt			<u>\$ 56,488,916</u>

Source:

(1) Township's 2011 Annual Debt Statement

(A) The debt for this entity was apportioned to Township by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Somerset County.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2011	\$ 9,480,633.337
2010	9,505,301.301
2009	9,575,660.200
	<u>\$ 28,561,594.838</u>
	\$ 9,520,531,613

The debt applicable to the limit may be offset only by amounts that the applicable law expressly

Average equalized valuation of taxable property

Debt limit (4 % of average equalization value)	380,821,265 ^a
Total Net Debt Applicable to Limit	39,730,638
Legal debt margin	<u>\$ 341,090,627</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 177,180,934	\$ 197,661,074	\$ 213,864,723	\$ 227,769,820	\$ 213,252,862	\$ 268,279,579	\$ 356,883,087	\$ 373,690,715	\$ 380,696,199	\$ 380,821,265
Total Net Debt Applicable to Limit	67,162,638	65,242,638	62,512,638	60,159,638	56,960,638	53,765,000	50,160,000	46,445,638	43,080,638	39,730,638
Legal Debt Margin	<u>\$ 110,018,296</u>	<u>\$ 132,418,436</u>	<u>\$ 151,352,085</u>	<u>\$ 167,610,182</u>	<u>\$ 156,292,224</u>	<u>\$ 214,514,579</u>	<u>\$ 306,723,087</u>	<u>\$ 327,245,077</u>	<u>\$ 337,615,561</u>	<u>\$ 341,090,627</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	37.91%	33.01%	29.23%	26.41%	26.71%	20.04%	14.06%	12.43%	11.32%	10.43%

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 for a K through 12 district; other % limits would be applicable for other district types.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Somerset County)</u>	<u>Population</u>
2002	4.0%	\$ 56,510	54,965
2003	3.9%	56,089	55,531
2004	3.3%	57,047	56,945
2005	4.0%	60,269	59,413
2006	4.2%	62,710	60,808
2007	3.6%	68,040	61,635
2008	4.9%	72,015	62,124
2009	8.5%	74,196	62,903
2010	8.5%	68,753	62,421
2011	8.0%	69,886	62,577

Source: N.J. Department of Labor, Office of Research and Planning
U. S. Dept. of Commerce, Bureau of Economic Analysis
U. S. Bureau of the Census, Population Division: Census 2000 count
Department of Education

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND TEN YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2012</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

<u>0.00%</u>	<u>0.00%</u>
--------------	--------------

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction	588	621	636	713	745	741	772	749	697	463
Regular										296
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	110	118	120	130	131	123	117	109	148	151
General Administration	8	7	7	6	6	6	6	6	8	7
School Administrative Services	46	46	50	55	57	57	57	47	50	49
Other Administrative Services										
Central Services		19	19	19	18	18	22	18	17	17
Administrative Information Technology		5	7	10	10	10	10	10	10	9
Plant Operations And Maintenance	108	111	114	162	164	144	145	130	123	144
Pupil Transportation	24	26	26	26	23	22	28	28	26	22
Other Support Services	21									
Special Schools										
Food Service										
Child Care										
Total	904	952	979	1,120	1,154	1,121	1,157	1,097	1,077	1,158

Source: District Personnel Records

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2003	6,862	\$ 86,387,411	\$ 12,589	12.94%	610	12.8:1	10.0:1	10.3:1	6,277	5,926	2.63%	94.41%
2004	7,090	92,366,289	13,028	3.48%	620	12.6:1	10.7:1	10.6:1	6,818	6,440	8.62%	94.46%
2005	7,171	99,234,169	13,838	6.22%	648	13.7:1	10.6:1	11.7:1	6,703	6,352	-1.69%	94.76%
2006	7,613	104,688,814	13,751	-0.63%	712	12.6:1	10.5:1	11.8:1	7,191	6,802	7.28%	94.59%
2007	7,698	115,090,037	14,951	8.72%	674	12.5:1	9.4:1	12.1:1	7,257	6,891	0.92%	94.96%
2008	7,966	130,976,449	16,442	9.97%	699	10.7:1	8.2:1	11.3:1	7,613	7,195	4.91%	94.51%
2009	7,951	134,730,460	16,945	3.06%	699	11.1:1	7.9:1	11.0:1	7,600	7,205	-0.17%	94.80%
2010	8,120	137,326,558	16,912	-0.19%	725	11.6:1	8.0:1	11.7:1	7,747	7,363	1.93%	95.04%
2011	8,198	138,529,746	16,898	-0.08%	747	11.6:1	8.0:1	11.6:1	7,826	7,453	1.02%	95.23%
2012	8,145	140,042,451	17,194	1.75%	641	12.7:1	9.8:1	12.1:1	7,767	7,420	-0.73%	95.53%

Sources: District records

- Note: a Enrollment based on annual October district count.
 b Operating expenditures equal total expenditures less debt service and capital outlay.
 c Cost per pupil represents operating expenditures divided by enrollment.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
Elementary										
Conerly Road School (1966, Add 1998)										
Square Feet	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	468	485	454	420	415	485	481	486	502	480
Elizabeth Ave School (1957, Add 1998, 2004)										
Square Feet	53,318	53,318	55,727	55,727	55,727	55,727	55,727	55,727	55,727	55,727
Capacity (students)	** (4)	613	613	613	613	613	613	613	613	613
Enrollment	611	643	654	506	526	529	501	489	614	624
Franklin Park School (1998)										
Square Feet	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)	892	892	892	892	892	892	892	892	892	892
Enrollment	1,085	1,114	1,045	849	913	996	1,009	1,106	904	877
Franklin Park Annex (1957, Add 2011)										
Square Feet	20,557	20,557	20,557	20,557	20,557	20,557	20,557	20,557	26,137	26,137
Capacity (students)	87	87	87	87	87	87	87	87	135	135
Enrollment	113	132	126	116	141	91	115	79	138	139
Hillcrest School (1958)										
Square Feet	52,898	52,898	52,898	52,898	52,898	52,898	52,898	52,898	52,898	52,898
Capacity (students)	515	515	515	515	515	515	515	515	515	515
Enrollment	572	591	553	357	395	445	476	483	507	465
MacAfee Road School (1966, Add 2004)										
Square Feet	47,311	47,311	51,069	51,069	51,069	51,069	51,069	51,069	51,069	51,069
Capacity (students)	615	640	480	480	480	480	480	480	480	480
Enrollment	615	640	657	432	421	411	446	496	489	492
Pine Grove Manor (1931, Add 2004)										
Square Feet	44,822	44,822	53,522	53,522	53,522	53,522	53,522	53,522	53,522	53,522
Capacity (students)	** (1)	444	444	444	444	444	444	444	444	444
Enrollment	386	408	445	381	406	404	457	443	453	439
Sampson G. Smith School (1968)										
Square Feet	153,011	153,011	153,011	153,011	153,011	153,011	153,011	153,011	153,011	153,011
Capacity (students)	1,031	1,062	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088
Enrollment	1,031	1,062	1,121	1,085	1,080	1,056	1,044	1,110	1,192	1,164

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
Middle School (2006) / High School (1960-2005)	228,078	228,078	228,078	228,078	228,078	228,078	228,078	228,078	228,078	228,078
Franklin Middle School (1960)										
Square Feet				1,390	1,390	1,390	1,390	1,390	1,390	1,390
Capacity (students)				1,054	1,008	1,038	1,053	1,032	1,044	1,055
Enrollment	1,460	1,574	1,664							
High School										
Franklin High School (2005)				343,000	343,000	343,000	343,000	343,000	343,000	343,000
Square Feet				2,395	2,395	2,395	2,395	2,395	2,395	2,395
Capacity (students)				1,863	1,946	2,036	2,028	2,017	1,977	2,012
Enrollment										

Number of Schools at June 30, 2012

Elementary = 7

Middle School = 1

Senior High School = 1

Source: District Records

**Facility square footage includes trailers at site

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXXX		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
*School Facilities	Project #										
Franklin Twp. High School	NA	\$ 83,501	\$ 132,100	\$ 148,973	\$ 218,894	\$ 140,200	\$ 194,327	\$ 194,060	\$ 152,585	\$ 123,938	\$ 148,185
Franklin Middle School	NA	26,912	29,787	18,875	98,749	160,637	133,663	195,241	153,891	145,532	140,082
Conesly Road School	NA	26,495	31,027	69,572	24,224	24,046	21,401	33,403	38,333	18,716	15,145
Elizabeth Ave School	NA	38,381	76,208	68,523	30,288	33,181	54,870	31,145	68,865	17,876	50,624
Franklin Park School	NA	44,921	34,539	31,274	63,733	51,686	55,070	66,782	74,180	58,536	90,434
Hillcrest School	NA	17,875	110,407	22,423	58,367	70,196	29,560	108,773	36,424	33,249	89,175
MascApee Road School	NA	19,167	63,849	87,431	40,712	38,562	76,044	49,928	51,578	24,842	61,531
Pine Grove Manor School	NA	81,720	85,912	97,390	33,559	36,296	78,383	123,141	87,301	36,268	71,241
Sampson G. Smith School	NA				171,176	108,170	106,611	76,522	140,306	130,338	72,249
Total School Facilities		\$ 338,972	\$ 563,829	\$ 544,461	\$ 739,702	\$ 662,974	\$ 749,929	\$ 877,995	\$ 803,463	\$ 589,295	\$ 738,666
Other Facilities											
Kingston School		\$ 736	\$ 422	\$ 112							
Administration Building		7,501	16,826	45,931	18,303	15,819	16,500	26,441	20,551	15,261	41,640
Maintenance Building		40,969	20,093	15,021	21,636	113,633	21,582	19,266	28,418	34,100	41,740
Transportation Trailer		1,118	1,068	616	4,002	1,730	840	2,751	1,412	1,988	4,064
Bunker Hill Environmental Center		5,426	7,407	2,109	5,717	5,080	9,030	2,454	6,033	668	
Total Other Facilities		\$ 55,750	\$ 45,816	\$ 63,789	\$ 49,658	\$ 136,282	\$ 47,952	\$ 50,912	\$ 56,414	\$ 52,017	\$ 87,444
Grand Total		\$ 394,722	\$ 609,645	\$ 608,250	\$ 789,360	\$ 799,256	\$ 797,881	\$ 928,907	\$ 859,877	\$ 641,312	\$ 826,110

* School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2012
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
<u>SCHOOL PACKAGE POLICY</u>		
<u>Selective Insurance Company</u>		
Property - Blanket Buildings and Contents	\$190,105,673	\$5,000
Bleachers	\$13,400	
Equipment Breakdown	Included	
Business Income	Actual Loss Sustained	
Extra Expense	\$500,000	
Elitepac Extensions of Coverage-Schools	Included	
Employee Dishonesty	\$100,000	\$500
Theft, Disappearance and Destruction		
Loss of Monies and Securities on and off Premises	\$25,000	\$500
Money Orders and Counterfeit Paper Currency	\$25,000	\$500
Forgery or Alteration	\$100,000	\$500
Computer Fraud	\$100,000	\$500
Inland Marine Floater		
Computer - at insured locations, Transit \$393,110, Extra Expense \$360,000		\$1,000
Musical Instruments	\$3,240,000	\$1,000
Band Uniforms	\$54,600	\$1,000
Athletic Equipment	\$170,550	\$1,000
Audio Visual	Included	
Contractors Equipment	\$135,294	\$1,000
Flood	\$10,000,000	\$25,000
Earthquake	\$10,000,000	\$25,000
Boiler and Machinery - HVAC, Etc.	Included	
Property Damage and		
Business Income/Extra Expense Combined	Included	\$5,000 & 12 hours deduct.
<u>AUTO POLICY</u>		
<u>SAIG Insurance</u>		
Comprehensive Automobile Liability	\$21,000,000	
Auto Physical Damage - Comprehensive:		\$1,000
Coverage (Actual Cash Value)	see attached schedule	
Auto Physical Damage - Collision:		\$1,000
Coverage (Actual Cash Value)	see attached schedule	
Hired Car Physical Damage	\$115,000	\$1,000
<u>EDUCATOR'S LEGAL LIABILITY - Errors & Omissions</u>		
Educator's Legal including Employment Practices		
Limits of Liability	Coverage A	\$21,000,000 each policy period · \$
(Defense Only)	Coverage B	\$100,000/claim \$
	Coverage B Aggregate	\$300,000 \$
		\$10,000
		\$10,000
		\$10,000

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2012
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<u>BONDS</u>		
Selective Insurance		
Public Official		
Assistant Superintendent for Business/Board Secretary	\$150,300	
John Calavano		
Western Surety Company		
Public Official		
Treasurer of School Monies	\$525,000	
Kim Esterman		
<u>WORKERS COMPENSATION</u>		
Excess Workers' Compensation		
Self-Insured Retention		
Each Accident	\$500,000	
Each Employee for Disease	\$500,000	
Specific Limit Each Accident		
Policy Part One, Workers' Compensation	Statutory	
Policy Part Two, Employers Liability	\$1,000,000	
Specific Limit Each Employee for Disease		
Policy Part One, Workers' Compensation	Statutory	
Policy Part Two, Employers Liability	\$1,000,000	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2012
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<u>SCHOOL COMPREHENSIVE GENERAL LIABILITY</u>		
SBAIG Insurance		
Commercial General Liability		
Each Occurrence Limit	\$21,000,000	
Personal and Advertising Limit	\$21,000,000	
Products/Completed Operations Limit	\$21,000,000	
Operations Aggregate, General Aggregate Limits	\$21,000,000	
Fire Legal Liability - Any one fire	Included	
Medical Expense for Students	\$1,000	\$100
Medical Payments per accident	\$10,000	\$100
Medical Payments per person excluding Medpay athletics	\$5,000	\$100
Employee Benefit Program Limit & Aggregate	\$21,000,000	\$1,000

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

Honorable President and Members
of the Board of Trustees
Franklin Township Public Schools
Somerset, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2012, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Franklin Township Public Schools is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Franklin Township Public Schools' 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 Franklin Township Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Franklin Township Public Schools' financial statements will not be prevented, or detected and corrected on a timely basis.

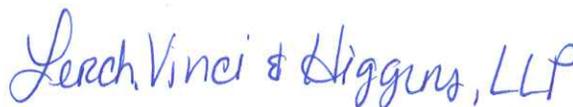
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

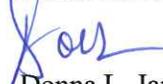
As part of obtaining reasonable assurance about whether the Franklin Township Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Franklin Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 14, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other 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.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public Schools Accountants



Donna L. Japhet
Public Schools Accountant
PSA Number CS02314

Fair Lawn, New Jersey
November 14, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
Franklin Township Public Schools
Franklin Township, New Jersey

Compliance

We have audited the Franklin Township Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Franklin Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2012. Franklin Township Public Schools' 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 requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Franklin Township Public Schools' management. Our responsibility is to express an opinion on Franklin Township Public Schools' 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 or state program occurred. An audit includes examining, on a test basis, evidence about Franklin Township Public Schools' 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 on Franklin Township Public Schools' compliance with those requirements.

In our opinion, Franklin Township Public Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2, 2012-3, 2012-4 and 2012-5.

Internal Control Over Compliance

Management of Franklin Township Public Schools 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 Franklin Township Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

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

The Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other 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.

Jerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public Schools Accountants

Dona

Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
November 14, 2012

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grand Period	Award Amount	Balance, July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year's Encumbrances/ Payables	Adjustment Carryover- Receivables	(Accounts Receivable)	Balance, June 30, 2012 Deferred Revenue	Due To Grantor	MEMO GAAP Receivable
U.S. Department of Health & Human Services- Passed through State Dept. of Education														
General Fund	93.778	N/A	7/1/11-6/30/12	\$ 55,989	\$ (10,864)	\$	\$ 24,934	\$ 55,989			\$ (31,055)			\$ (31,055)
Medical Assistance Program	93.778	N/A	7/1/10-6/30/11	51,131			10,864							
U.S. Department of Education														
Passed through State Department of Education														
Education Jobs Fund	84.410A	ARRA-1610-12	7/1/11-6/30/12	15,988			12,647	15,988			(3,341)			(3,341)
Education Jobs Fund	84.410A	ARRA-1610-11	7/1/10-6/30/11	510,330	(43,230)		43,230							
Total					(54,094)		91,675	71,977			(34,396)			(34,396)

Special Revenue Fund:	Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grand Period	Award Amount	Balance, July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year's Encumbrances/ Payables	Adjustment Carryover- Receivables	(Accounts Receivable)	Balance, June 30, 2012 Deferred Revenue	Due To Grantor	MEMO GAAP Receivable
U.S. Department of Education Passed-through State Dept. of Education															
ARRA-NCLB Title IA	84.389	NCLB 1610-10	9/1/09-8/31/11	396,002	(152,514)	\$ 109,929	162,552	68,609	\$ 12,775		(109,929)	(45,798)			(45,798)
NCLB Title IA	84.010A	NCLB 1610-12	9/1/11-8/31/12	684,311		\$ 109,929	330,729	257,786				(463,511)	\$ 536,454		
NCLB Title IA	84.010A	NCLB 1610-11	9/1/10-8/31/11	780,823	(172,129)	(109,929)	241,439	69,310			109,929				
ARRA-NCLB Title I SA	84.010A	NCLB 1610-09	9/1/09-8/31/11	32,465	(12,939)		31,519	18,580							
NCLB Title I SA	84.010A	NCLB 1610-11	9/1/10-8/31/11	234,834	(4,172)		4,172								
NCLB Title IA	84.367A	NCLB 1610-12	9/1/11-8/31/12	271,268	(34,977)	36,991	125,405	177,892			(36,991)	(146,420)	95,933		(52,487)
NCLB Title IA	84.367A	NCLB 1610-11	9/1/10-8/31/11	257,689	4,994	(36,991)	67,872	32,895			36,991		4,994		
NCLB Title IA	84.318A	NCLB 1610-11	9/1/10-8/31/11	1,792			7,810								
NCLB Title IB	84.318A	NCLB 1610-09	9/1/09-8/31/10	6,339	2,957										
NCLB Title IB	84.318A	NCLB 1610-09	9/1/09-8/31/10	5,881	102							(131)	2,957	233	
NCLB Title IB	84.318A	NCLB 1610-09	9/1/08-8/31/09	42,162	877								877	877	
NCLB Title III, Immigrant	84.365A	NCLB 1610-09	9/1/09-8/31/10	97,964		9,489	31,580	50,765			(9,489)	(75,873)	56,688		(19,185)
NCLB Title III	84.365A	NCLB 1610-12	9/1/11-8/31/12	111,756	(51,304)	(9,489)	93,133	41,829			9,489				
NCLB Title III	84.365A	NCLB 1610-11	9/1/10-8/31/11	74,404	1,080								1,080		
NCLB Title III	84.365A	NCLB 1610-09	9/1/09-8/31/10	9,783	85								85		
NCLB Title V	84.298A	NCLB 1610-08	9/1/07-8/31/08	75,682	(62,437)		70,556	8,129							
ARRA-ID.E.A. Part B, Preschool	84.392	PS-0555-10	9/1/09-8/31/11	65,672		6,963	54,357	54,357			(6,963)	(36,633)	18,278		(18,555)
ID.E.A. Part B, Preschool	84.173	PS-0555-12	9/1/11-8/31/12	65,201		6,963	22,275	7,686							
ID.E.A. Part B, Preschool	84.173	PS-0555-10	9/1/10-8/31/11	2,098,456	(14,589)	(6,963)	1,778,711	1,644,768							
ARRA - ID.E.A. Part B, Basic Regular	84.027	FT-0555-09	9/1/09-8/31/11	1,983,651	(1,633,922)	247,701	1,102,459	1,533,513	19,989		(247,701)	(1,128,893)	697,839		(431,054)
ID.E.A. Part B, Basic Regular	84.027	FT-0555-12	9/1/11-8/31/12	1,903,125	(299,094)	(247,701)	489,304	190,210			247,701				
ID.E.A. Part B, Basic Regular	84.027	FT-0555-11	9/1/10-8/31/11			(247,701)					247,701				

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grand Period	Award Amount	Balance, July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year's Encumb- rances/ Payables	Adjustment Carryover- Receivables	Balance, June 30, 2012 (Accounts Receivable)	Deferred Revenue	Due To Grantor	MEMO GAAP Receivable
U.S. Department of Education - Passed through State Department of Education Special Revenue Fund. (continued)	84.186A	10-0555	9/7/09-8/31/10	\$ 19,650	\$ 516 (2,427,466)	-	\$ 4,595,518	\$ 2,684,139	\$ 32,762	-	\$ (1,897,259)	\$ 516	-	\$ (566,879)
Total Special Revenue Fund														
U.S. Department of Agriculture Passed-through State Dept. of Ed. Enterprise Fund.														
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	1,256,130			1,168,781	1,256,130			(87,349)			
Cash Assistance			7/1/10-6/30/11	1,177,520			97,852							
Non-Cash Assistance			7/1/11-6/30/12	194,875	(97,852)		194,875	185,905				8,970		
Non-Cash Assistance			7/1/10-6/30/11	143,125	13,220		13,220	13,220						
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	169,376	(13,827)		156,752	169,376			(12,624)			
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	161,436			13,827							
Total Enterprise Fund					(98,459)		1,632,087	1,624,631			(99,973)	8,970		
Total Federal Financial Awards					\$ (2,580,919)		\$ 6,319,280	\$ 4,380,747	\$ 32,762	\$ -	\$ (2,031,628)	\$ 1,422,904	\$ -	\$ (601,275)

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Cash Received	Carryover/Amount	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balance	(Accounts Receivable)	Balance, June 30, 2012	MEMO	
												Due To Grantor	GAAP Accounts Receivable
State Department of Education													
General Fund:													
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 4,647,278	\$ (371,901)	\$ 4,241,187	\$ 4,647,278	\$ 4,647,278	\$ (406,091)	\$	\$ (406,091)	\$ 4,647,278	\$	\$ 4,647,278
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	4,647,278	371,901	3,71,901	3,71,901	3,71,901	(497,092)		(497,092)	5,497,123		5,497,123
Equitization Aid	12-495-034-5120-078	7/1/11-6/30/12	5,497,123	(594,942)	5,000,031	5,497,123	5,497,123	(135,571)		(135,571)	1,475,771		1,475,771
Equitization Aid	11-495-034-5120-078	7/1/10-6/30/11	4,488,764	394,942	3,94,942	3,94,942	3,94,942	(1,495,518)		(1,495,518)	1,495,518		1,495,518
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	1,475,771	(1,545,987)	1,545,987	1,475,771	1,475,771	194,252		194,252	194,252		194,252
Security Aid	12-100-037-5120-473	7/1/11-6/30/12	1,495,518	(1,545,987)	1,545,987	1,495,518	1,495,518						
Extraordinary Aid	11-100-037-5120-473	7/1/10-6/30/11	1,545,987	183,333	1,83,333	1,545,987	1,545,987	2,090		2,090	2,090		2,090
Additional Nonpublic Transportation Aid	N/A	7/1/11-6/30/12	194,252	(1,532)	1,532	194,252	194,252						
Additional Nonpublic Transportation Aid	N/A	7/1/10-6/30/11	183,333	3,064	3,064	183,333	183,333						
TPAF Wage Freeze	N/A	7/1/10-6/30/11	3,064	2,090	2,090	3,064	3,064						
Anti-Bullying Grant	N/A	7/1/11-6/30/12	2,090			2,090	2,090						
On-behalf TPAF Pension System Cont- Normal Cost & Accrued Liability	12-495-034-5095-006	7/1/11-6/30/12	1,534,859		1,534,859	1,534,859	1,534,859						1,534,859
On-behalf TPAF Pension System Cont- Non-Contributory Ins.	12-495-034-5095-007	7/1/11-6/30/12	164,711		164,711	164,711	164,711						164,711
On-behalf TPAF Pension System Cont- Post-Retirement Medical Contributions	12-495-034-5095-001	7/1/11-6/30/12	3,416,380		3,416,380	3,416,380	3,416,380						3,416,380
Reimbursed TPAF Social Security	12-100-034-5095-002	7/1/11-6/30/12	3,814,355		3,814,355	3,814,355	3,814,355						3,814,355
Reimbursed TPAF Social Security	11-100-034-5095-002	7/1/10-6/30/11	3,995,456	(198,926)	198,926	3,995,456	3,995,456						3,814,355
Total General Fund			(2,696,621)	22,021,315	22,021,315	22,242,537	22,242,537	(2,917,843)	-	(2,917,843)	22,242,537	(383,571)	22,242,537
Special Revenue Fund:													
Preschool Education Aid	12-495-034-5120-086	7/1/11-6/30/12	910,014		819,013	910,014	910,014						761,071
Preschool Education Aid	11-495-034-5120-086	7/1/10-6/30/11	1,013,278	100,597	101,528	1,013,278	1,013,278				148,943		201,925
Character Education	06-495-034-5120-603	7/1/05-6/30/06	17,949	19	19	17,949	17,949				19		19
New Jersey Nonpublic Aid	11-100-034-5120-064	7/1/11-6/30/12	70,730		70,730	70,730	70,730						64,247
Auxiliary Services (Chap. 192)	12-100-034-5120-067	7/1/11-6/30/12	32,546		32,546	32,546	32,546						32,545
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	29,137	335	335	29,137	29,137						335
Transportation	12-100-034-5120-067	7/1/11-6/30/12	9,782		9,782	9,782	9,782						9,782
Transportation	11-100-034-5120-067	7/1/10-6/30/11	7,157	7,157	7,157	7,157	7,157						7,157
ESL	12-100-034-5120-067	7/1/11-6/30/12	2,586		2,586	2,586	2,586						945
ESL	11-100-034-5120-067	7/1/10-6/30/11	1,788	513	513	1,788	1,788						513
Handicapped Services (Ch. 193)	12-100-034-5120-066	7/1/11-6/30/12	43,494		43,494	43,494	43,494						32,621
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	50,723	12,924	12,924	50,723	50,723				12,924		12,924
Examination & Classification	12-100-074-5120-066	7/1/11-6/30/12	80,507		80,507	80,507	80,507						64,416
Examination & Classification	11-100-074-5120-066	7/1/10-6/30/11	94,080	18,021	18,021	94,080	94,080				18,021		18,021
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	55,290		55,290	55,290	55,290						28,592
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	39,898	8,996	8,996	39,898	39,898				8,996		8,996
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	101,029		101,029	101,029	101,029						101,029
Home Instruction	N/A	7/1/10-6/30/11	1,450	(1,450)		1,450	1,450						1,450
Governor's Initiative on Autism	07-100-034-5085-090	4/1/07-6/30/08	146,415	(14,080)		146,415	146,415						(14,080)
Total Special Revenue Fund			133,032	1,317,755	1,317,755	1,287,591	1,287,591	(105,083)	47,946	(105,083)	148,562	(14,080)	1,287,591

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Cash Received	Carryover/Amount	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	(Accounts Receivable)	MEMO	
											Balance, June 30, 2012	GAAP Accounts Receivable
State Department of Education												
Capital Projects Fund	1610-160-01-0506		\$ 96,986	(45,071)			\$ 8,228			(36,843)	\$	88,758
Economic Development Authority Grant	1610-050-01-0507		534,077	(104,145)			104,145			-		429,932
Economic Development Authority Grant	1610-080-05-1000		96,508	(19,016)	\$ 31,740		(12,722)			-		83,786
School Construction Corp.	1610-070-05-1000		158,356	(70,717)	137,297		(67,080)			-		158,356
Total Capital Projects Fund				(238,951)	169,537			32,571		(36,843)		760,832
State Department of Agriculture												
Enterprise Fund	12-100-034-5120-122	7/1/11-6/30/12	38,380		\$ 35,756		\$ 38,380			(2,624)		38,380
National School Lunch Program	11-100-034-5120-122	7/1/10-6/30/11	36,580	(3,228)	3,228					-		-
National School Lunch Program										(2,624)		38,380
Total Enterprise Fund				(3,228)	38,984		38,380			(2,624)		38,380
Total State Financial Assistance				(2,805,768)	\$ 23,547,591		\$ 23,568,308	\$ 32,571	\$ 47,946	\$ (3,062,391)	\$ 148,962	\$ 24,329,140
State Financial Assistance Not Subject to Single Audit Determination												
General Fund												
On-Behalf TPAF Pension System Contribution					(1,699,570)		(1,699,570)					(1,699,570)
On-Behalf TPAF Post-Retirement Med. Contrib.					(3,416,580)		(3,416,580)					(3,416,580)
Total State Financial Assistance Subject to Single Audit				(2,805,768)	\$ 18,451,441		\$ 18,452,158	\$ 32,571	\$ 47,946	\$ (3,062,391)	\$ 148,962	\$ 19,212,990

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules 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. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$221,442 for the general fund and an increase of \$964,366 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 71,977	\$ 22,021,095	\$ 22,093,072
Special Revenue Fund	2,684,139	2,244,882	4,929,021
Food Service Fund	<u>1,624,631</u>	<u>38,380</u>	<u>1,663,011</u>
 Total Financial Assistance	 <u>\$ 4,380,747</u>	 <u>\$ 24,304,357</u>	 <u>\$ 28,685,104</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$3,814,355 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$1,699,570 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,416,580 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes <u> X </u> no

Federal Awards Section

Internal Control over compliance:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes <u> X </u> none reported

Type of auditor's report on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))?	<u> X </u> yes _____ none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.391</u>	<u>ARRA-IDEA, Part B Basic</u>
<u>84.392</u>	<u>ARRA - IDEA Preschool</u>
<u>84.027</u>	<u>IDEA, Part B Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>84.010</u>	<u>Title I & Title I SA</u>
<u>84.389</u>	<u>ARRA-Title I</u>
<u>10.555</u>	<u>National School Lunch Program</u>

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? X yes _____ none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>12-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>12-495-034-5120-089</u>	<u>Special Education Aid Categorical Aid</u>
<u>12-100-034-5120-473</u>	<u>Extraordinary Spec.-Education Aid</u>
<u>12-495-034-5120-086</u>	<u>Preschool Education Aid</u>
<u>12-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contr.</u>
<u>12-495-034-5120-084</u>	<u>Security Aid</u>
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$ 553,565

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Finding 2012-1

- 1) The District is supplanting state/local funds to support the program for low-performing students in its Title I elementary schools (Academic Intervention Services). The District offers a program for low-performing students in all its elementary schools; therefore, students in the Title I schools are not receiving a program that is supplemental to the program offered in the District's non-Title I schools.
- 2) The District is running a replacement program for its identified students at the Sampson G. Smith Intermediate and Franklin Middle School. Per the Title I legislation and policy letter, replacement programs are strongly discouraged.
- 3) For the 2011-12 school year, there is no evidence that an annual meeting was held for parents of participating children at the middle or high school levels to inform them of the Title I program.
- 4) For the 2011-2012 school year, there is no evidence the District's written parental involvement policy was distributed or Board adopted. The Board adoption date was not accurately reflected in the FY 2011-2012 NCLB Consolidated Appreciation on the Electronic Web Enabled Grant (EWEG) system.
- 5) The District did not develop a school-level Title I parental involvement policy in conjunction with parents.
- 6) The District did not accurately report nonpublic enrollment in its EWEG application for FY 2011-2012. Although none of the schools accepted the funds, the enrollment must be entered.
- 7) The District is not tracking expenditures by attendance areas to ensure that the expenses for Title I schools are consistent with each attendance area's allocation on Eligibility Page, Step 4, of the FY 2011-2012 NCLB Consolidated Application.
- 8) The District does not have a mechanism to track mandatory reserves such as S1N1 professional development and parental involvement, in its accounting system to ensure accuracy of final reports.
- 9) The District is funding a teacher evaluation professional development in its schools identified as its S1N1. The schools must only use their S1N1 reserve funds for these expenditures. The use of any other funds would be considered supplanting state/local funds.

Information on the Federal Programs

NCLB – Title I

Criteria or Specific Requirement

Grant Compliance Supplement

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS (Continued)

Finding 2012-1

Condition

The District is not adhering to certain federal program requirements of the NCLB Title I grant.

Questioned Costs

Unknown.

Context

The District was 1) utilizing Title I funds to supplant rather than supplement local/state funded programs; 2) was not conducting meetings and evaluations required by grant program; 3) not tracking certain expenditures at a level required for program; and 4) not properly reporting certain information in the State's EWEG reporting system.

Effect

See Condition.

Cause

Unknown.

Recommendation

Procedures be developed and implemented to ensure compliance with Title I federal program requirements including allowable costs, parental meetings, proper EWEG reporting, tracking of expenditures and offering programs that are supplemental rather than supplanting programs funded with local/state funds.

Views of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will implement procedures to ensure corrective action is taken.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS (Continued)

Finding 2012-2

With respect to the District's IDEA program:

- 1) The District does not have procedures to verify invoices submitted by HCESC for services provided to students with disabilities in nonpublic schools that are funded through IDEA. The invoices for services provided through the IDEA grant do not include sufficient details of the services that were provided for students with disabilities in nonpublic schools in the District.

Information on the Federal Programs

IDEA Part B Basic
IDEA Preschool

Criteria or Specific Requirement

Grant Compliance Supplement

Condition

The District is not adhering to certain federal program requirements of the IDEA grants regarding the proper verification of services provided from outside vendors for nonpublic students with disabilities.

Questioned Costs

Unknown.

Context

The District was not verifying invoices submitted by vendors paid from IDEA funds was for services provided specifically to students with disabilities in nonpublic schools.

Effect

See Condition.

Cause

Unknown.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS (Continued)

Finding 2012-2 (Continued)

Recommendation

The District develop procedures to ensure vendors' invoices are sufficiently detailed to verify services were provided for students with disabilities in non-public schools in the District.

Views of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will implement procedures to ensure corrective action is taken.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS (Continued)

Finding 2012-3

With respect to the District's IDEA program:

- 1) The District did not consistently convene IEP team meetings (reevaluation and annual review) with the required participants.
- 2) The District did not consistently conduct multidisciplinary initial evaluations for students referred for speech-language services by obtaining an educational impact statement from the classroom teacher.

Information on the Federal Programs

IDEA Part B Basic
IDEA Preschool

Criteria or Specific Requirement

Grant Compliance Supplement

Condition

The District is not adhering to certain federal program requirements of the IDEA grants regarding IEP team meetings and initial evaluations from the classroom teacher for students referred for speech-language services.

Questioned Costs

Unknown.

Context

The District did not consistently conduct required IEP team meetings and multidisciplinary initial evaluations for students in need of speech language services.

Effect

See Condition.

Cause

Unknown.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS (Continued)

Finding 2012-3 (Continued)

Recommendation

The District conduct all evaluations and meetings in accordance with IDEA grant program requirements.

Views of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will implement procedures to ensure corrective action is taken.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2012-4

Our audit of the District's Extraordinary Aid Application noted numerous instances where the related services specified in the application did not agree to the supporting schedules provided and an instance where an intensive service claimed was not specified in the student's Individualized Education Plan ("IEP"). In addition, two instances were noted where students' classifications reported did not agree to the IEP. Furthermore, the support and educational costs reported were not based on the District in which the student attends or alternatively, the percentage (s) provided from the State Department of Education.

State Program Information

Extraordinary Aid

Criteria or Specific Requirement

NJ Department of Education – Grant Compliance Supplement

Condition

Services provided on detailed supporting schedules and documented in individual student's Individualized Education Plan (IEP) did not always agree to services reported on the Extraordinary Aid Application. In addition, the support and educational costs reported in the application were not based on the District in which the student attends or the percentage(s) provided from the State Department of Education.

Questioned Costs

Unknown.

Context

See condition.

Effect

Certain information reported on the Extraordinary Aid Application did not agree to detailed supporting schedules. Certain services reported on the application could not be verified to student's IEP. Incorrect rate was applied to calculating certain support and educational costs.

Cause

Unknown.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2012-4 (Continued)

Recommendation

Greater care be exercised over the preparation of the Extraordinary Aid Application.

Views of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will implement procedures to ensure corrective action is taken.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2012-5

Our audit of the Application for State School Aid (A.S.S.A.) revealed three (3) additional LEP students who were on-roll at October 14, 2011, but were not reported on application. In addition, twelve (12) LEP students who were included on District workpapers as low income were reported as not low income.

State Program Information

State Aid - Public

Criteria or Specific Requirement

NJ Department of Education – Grant Compliance Supplement

Condition

Certain LEP students on roll at October 14, 2011 were not included in count for A.S.S.A. Certain LEP students reported as eligible for low income on District workpapers were erroneously reported as not low income on A.S.S.A.

Questioned Costs

Unknown.

Context

See condition.

Effect

The total number of LEP students was underreported by 3 students. In addition, 12 students were incorrectly reported as not low income rather than low income.

Cause

Unknown.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2012-5 (Continued)

Recommendation

All eligible Limited English Proficient (LEP) students be included and properly reported as low income/not low income on the A.S.S.A. Report.

Views of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will implement procedures to ensure corrective action is taken.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior-year findings related to the basic statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2011-1

Condition

With respect to the District's Extraordinary Aid Application, tuition rates and/or number of days reported were incorrect. In addition, one student was reported twice on the application.

Current Status

See Finding 2012-4.