

FRANKLIN TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**FRANKLIN TOWNSHIP BOARD OF EDUCATION
FRANKLIN TOWNSHIP, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Prepared by

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

FRANKLIN TOWNSHIP BOARD OF EDUCATION
226 QUAKERTOWN ROAD, PO BOX 368
QUAKERTOWN, NEW JERSEY 08868
908-735-7929 Telephone
908-735-0368 Facsimile

Dr. Carol A. Fredericks
Superintendent

Carol Delsandro
Business Administrator/Board Secretary

November 25, 2013

Honorable President and
Members of the Board of Education
Franklin Township School District
Hunterdon County
Quakertown, NJ 08868

Dear Board Members:

State law requires that school districts publish a complete set of financial statements presented in conformity with accounting principals generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Franklin Township School District for the fiscal year ended June 30, 2013.

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 and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

GAAP 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 connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

The comprehensive annual financial report is presented in four sections:

- ◆ **The Introductory Section**: Introduces the reader to the report and includes this transmittal letter, a list of principal officials, the district's organizational charts, certificate of excellence in financial reporting and a map of the district.
- ◆ **The Financial Section**: Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- ◆ **The Statistical Section**: Contains selected financial and demographic information, generally presented on a multi-year basis.
- ◆ **The Single Audit**: Includes the auditor's report on the internal control structure, compliance with applicable laws and regulations and findings and recommendations.

The district is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act and the U.S. Office of Management and Budget Circular A-133. "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMC's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's 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

Franklin Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 4. All funds and account groups of the District are included in this report. The Franklin Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular programs as well as programs for students with special educational needs. The District completed the 2012-13 fiscal year with an enrollment of 294 students, which is 9 students less than the previous year's enrollment. The following details the changes in the average daily student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2000-01	367	6.07%
2001-02	379	3.27%
2002-03	387	2.11%
2003-04	406	4.91%
2004-05	398	(1.97%)
2005-06	377	(5.28%)
2006-07	354	(6.10%)
2007-08	347	(1.98%)
2008-09	343	(1.15%)
2009-10	341	(0.58%)
2010-11	309	(9.39%)
2011-12	303	(1.94%)
2012-13	294	(2.97%)

ECONOMIC CONDITION AND OUTLOOK

Franklin Township has a solid reputation for farmland preservation based on its record. The voters of Franklin Township approved a Bond referendum for farmland preservation in the general election of 1988. Following this referendum, the township committee adopted an ordinance for permanent preservation of farmland. 1174 acres is permanently reserved under this program. In addition, Cook College of Agriculture contains 310 acres within the Township. The Township also purchased 140 acres dedicated for the Green Acres program. Therefore, there is a total area of 1,624 acres permanently reserved for farmland. There is a dedicated commitment by residents to preserve the Township's rural nature. As part of the COAH requirement, Franklin Township has sold 10 acres to the Midland School to build a group home for the disabled to farm the land and purchased 11 acres to provide senior housing. The Master Plan adopted by the Franklin Township Planning Board in December 1995 recommended residential density to one unit per 3 acres, one unit per 5 acres or one unit per 7 acres, depending on the carrying capacity of the aquifer recharge characteristics specific to the area. The current Township's zoning allows for a minimum three acre, five acre and seven acre lot according to the current zoning requirements. The Township Committee has adopted enabling ordinances, which are consistent with the Master Plan's recommendations. In addition, the voters approved a referendum in November 1999 for an annual five cent open space tax, to be collected by the local municipality. The Franklin Township Planning Board added an open space element to the master plan. Certain properties in Franklin Township have been recommended by the Open Space Advisory Committee to be considered for the Open

Space program. There are several applications pending approval by the state and county for the Planning Incentive Grant Program and various relationships.

Walmart Plaza includes a restaurant, stores and a hotel. The Cracker Barrel Restaurant and Old Country Store opened in the fall of 1998 and the Hampton Inn opened in the Spring of 1999.

MAJOR INITIATIVES

During the school year 2012-2013 the district achieved the following major goals:

1. The district completed a full roll out and implementation of IPAD's for grades K-8 and all teaching staff. This allowed for differentiation of instruction and leverage for different technology throughout the district.
2. The district realized internal savings through the rebid of the custodial contract. The savings was invested in deferred maintenance projects most notably the roof replacement in the old section of the school.
3. The district bid a solar array which will enable future savings for the next 15 years. The District purchased energy at a reduced rate through a cooperative bid.
4. The district entered a cooperative agreement with Delaware Valley High School transportation to use their routing software. The efficiency realized eliminated a bus route to the District.
5. Implemented a full day Kindergarten program.
6. Procured a new Math textbook, supplies and material for grades K-8. The series is aligned with the NJ State standards and NJ State common core standards.
7. Reopened the School Library and hired a part time Librarian.

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. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial sections.

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 June 30, 2013.

ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund, revenues and expenditures for the fiscal year ended June 30, 2013 and the amount and percentage of increases in relation to prior year revenues and expenditures.

<u>Revenue</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Inc./Dec.) from Prior Year</u>	<u>Percent of Inc./Dec.)</u>
Local Sources:				
Tax Levy:				
•General	\$5,027,551	81.68%	\$ 124,295	2.53%
•Debt Service	658,747	10.70%	562	.09%
Other Revenues	11,027	0.18%	(29,307)	-72.66%
State Aid	317,108	5.15%	753	.24%
Federal Aid	140,773	2.29%	(53,368)	-27.49%
Total	<u>\$6,155,206</u>	<u>100.00%</u>	<u>\$ 42,935</u>	<u>.70%</u>

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Inc.(Dec.) from Prior Year</u>	<u>Percent of Inc.(Dec.)</u>
Current Expense	\$5,213,643	83.85%	\$395,523	8.21%
Capital Outlay	189,089	3.04%	152,046	410.46%
Special Projects	156,464	2.52%	(41,861)	-21.11%
Debt Service:				
•Principal	400,000	6.43%	15,000	3.90%
•Interest	258,747	4.16%	(14,438)	-5.89%
	<u>\$6,217,943</u>	<u>100.00%</u>	<u>\$ 46,105</u>	<u>8.86%</u>

Note: Excludes "on behalf" Payments, Lease Purchase Acquisitions and Capital Projects.

DEBT ADMINISTRATION

As a result of the successful passage of the bond referendum in December 2004, the district has \$6,225,000 of bonds outstanding.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit 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, hazard and theft insurance on property and contents, workers compensation and fidelity bonds. The District has joined with other qualified New Jersey Districts to form the School Alliance Insurance Fund. This joint insurance fund has saved the District an annual premium and provides more control through the involvement in management of the fund.

INDEPENDENT AUDIT

State statutes require an annual audit by independent Certified Public Accountants or registered municipal accounts. William M. Colantano, Jr., a licensed Certified Public Accountant with a team of CPA's, audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2013 are fairly represented in conformity with GAAP.

ACKNOWLEDGMENTS

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.

Respectfully submitted,

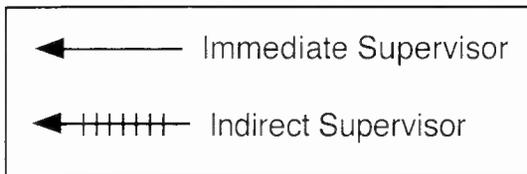
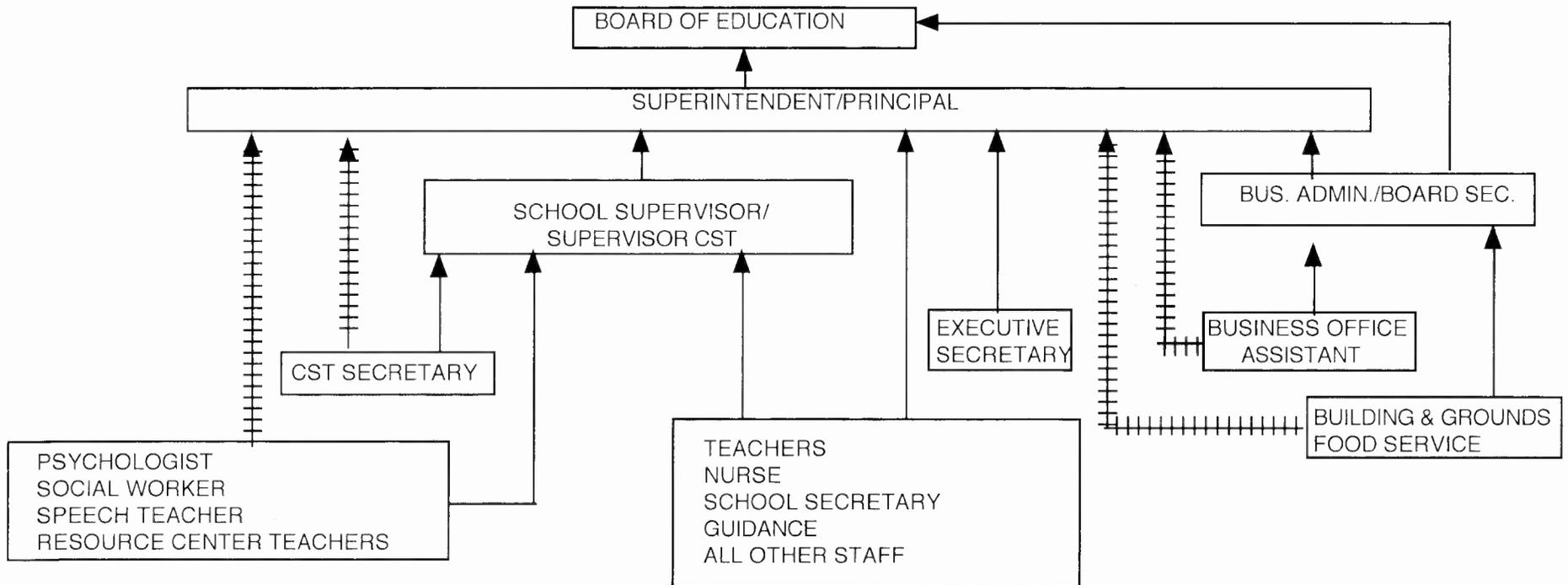


Dr. Carol A. Fredericks
Superintendent



Carol Delsandro
Business Administrator/Board Secretary

Franklin Township School Organizational Personnel Chart



**FRANKLIN TOWNSHIP BOARD OF EDUCATION
QUAKERTOWN, NEW JERSEY 08868**

ROSTER OF OFFICIALS
JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Masino , President	2013
Colleen Ewing, Vice President	2015
Frank Yasunas	2013
James Foran	2013
George Burdick	2014
Christine Crielly	2014
Kenneth Weiss	2014
Cyrus Cama	2015

Other Officials

Dr. Carol A. Fredericks, Interim Superintendent

Carol Delsandro, Business Administrator/Board Secretary

Abigail Kutz, Treasurer

FRANKLIN TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

William Colantano, Jr.
100 Rt. 31
Washington, NJ 07882

Attorney

Porzio, Bromberg, & Newman
163 Madison Avenue
Morristown, NJ 07962-1997

Official Depository

Investors Bank
Main Street
Clinton, NJ 08809

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

November 25, 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 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.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of the Franklin Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis of comparative information between the current year (12-13) and the prior year (11-12) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS ARE AS FOLLOWS:

- In total, net position decreased \$126,389 which is a 30.63% decrease over 2012. The reason for this decrease is primarily due to financing costs of the refunding bond issue and the acquisition of student ipads through leasing.
- General revenue accounted for \$6,450,674 in revenue or 96.29% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$247,945 or 3.71% of the total revenue of \$6,698,619.
- The School District had \$6,711,850 in expenses; only \$247,945 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primary tax levy) were adequate to provide for these programs.

Among governmental funds, the General Fund had \$5,791,898 in revenues and \$6,024,490 in expenditures. The General Fund's balance decreased by \$65,192 over 2012 after the receipt of \$167,400 in capital leasing for ipads.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

**USING THIS COMPREHENSIVE ANNUAL
FINANCIAL REPORT (CAFR)**

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

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

REPORTING THE DISTRICT AS A WHOLE

STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES (CHANGES IN NET POSITION)

While this document contains the various funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012-13? The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**REPORTING THE SCHOOL DISTRICT'S
MOST SIGNIFICANT FUNDS**

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position in 2013.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
QUAKERTOWN, NEW JERSEY**

11.3

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**UNAUDITED
TABLE 1
NET POSITION**

ASSETS	<u>6/30/2013</u>	<u>6/30/2012</u>	Variance	
			<u>Dollars</u>	<u>Percent</u>
Current & Other Assets	\$1,161,250	\$1,711,431	\$ (550,181)	-32.15%
Capital Assets	<u>12,796,758</u>	<u>12,981,342</u>	<u>(184,584)</u>	-1.42%
Total Assets	<u>13,958,008</u>	<u>14,692,773</u>	<u>(734,765)</u>	-5.00%
LIABILITIES				
Long Term Liabilities	6,866,520	6,695,317	171,203	2.56%
Other Liabilities	<u>127,947</u>	<u>1,020,684</u>	<u>(892,737)</u>	-87.46%
Total Liabilities	<u>6,994,467</u>	<u>7,716,001</u>	<u>(721,534)</u>	-9.35%
NET POSITION				
Net Investment in Capital Assets	6,571,758	6,347,342	224,416	3.54%
Restricted	105,550	216,808	(111,258)	-51.32%
Unrestricted	<u>286,233</u>	<u>412,622</u>	<u>(126,389)</u>	-30.63%
	<u>\$6,963,541</u>	<u>\$6,976,772</u>	<u>\$ (13,231)</u>	-0.19%

Table 2 shows the changes in net position for fiscal year 2013.

**TABLE 2
CHANGES IN NET POSITION**

REVENUES	<u>6/30/2013</u>	<u>6/30/2012</u>	Variance	
			<u>Dollars</u>	<u>Percent</u>
Program Revenues:				
Charges for Services	\$ 78,772	\$ 116,132	\$ (37,360)	-32.17%
Operating Grants & Contributions	169,173	216,603	(47,430)	-21.90%
Capital Grants	-	553,049	(553,049)	-100.00%
General Revenues:				
Property Taxes	5,686,298	5,561,441	124,857	2.25%
Unrestricted Grants	753,265	714,120	39,145	5.48%
Other	<u>11,111</u>	<u>38,367</u>	<u>(27,256)</u>	-71.04%
Total Revenues	<u>6,698,619</u>	<u>7,199,712</u>	<u>(501,093)</u>	-6.96%
PROGRAM EXPENSES				
Instruction:				
Regular	2,849,071	2,218,651	630,420	28.41%
Special	918,404	895,037	23,367	2.61%
Other Instruction	2,487		2,487	
Support Services:				
Tuition	306,290	277,380	28,910	10.42%
Student & Instructional Related Services	685,155	622,515	62,640	10.06%
General & Business Administration	643,084	513,941	129,143	25.13%
School Administration	76,598	76,015	583	0.77%
Maintenance	552,634	547,556	5,078	0.93%
Transportation	312,120	370,143	(58,023)	-15.68%
Transfer to Unemployment	28,000		28,000	
Food Service & Child Care	89,863	111,746	(21,883)	-19.58%
Interest on Long Term Debt	<u>248,144</u>	<u>273,307</u>	<u>(25,163)</u>	-9.21%
Total Expenses	<u>6,711,850</u>	<u>5,906,291</u>	<u>805,559</u>	13.64%
Increase (Decrease) in Net Position	<u>\$ (13,231)</u>	<u>\$ 1,293,421</u>	<u>\$(1,306,652)</u>	-101.02%

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Governmental Activities

Property taxes made up 86.06% of operating revenues for governmental activities for the Franklin Township School District for the fiscal year 2013.

Instruction comprises 56.16% of the District's expenses. Support services expenses make up 43.84% of the District's expenses.

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

Table 3 provides a summary of the School District's costs of governmental services in 2013.

TABLE 3
COST OF GOVERNMENTAL SERVICES

	<u>TOTAL COST OF SERVICES</u>		<u>NET COSTS OF SERVICES</u>	
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
Instruction	\$3,769,962	\$3,113,688	\$3,711,688	\$3,048,098
Support Services:				
Tuition	306,290	277,380	241,337	189,108
Student & Instructional Staff	685,155	622,515	651,918	571,979
General & Business Administration	643,084	513,941	643,084	513,941
School Administration	76,598	76,015	76,598	76,015
Plant Operations & Maintenance	552,634	547,556	552,634	547,556
Pupil Transportation	312,120	370,143	312,120	370,143
Transfer to Unemployment	28,000		28,000	
Food Services & Child Care (2,767)	89,863	111,746	(1,618)	(16,591)
Interest on Long Term Debt	<u>248,144</u>	<u>273,307</u>	<u>248,144</u>	<u>273,307</u>
	<u>\$6,711,850</u>	<u>\$5,906,291</u>	<u>\$6,463,905</u>	<u>\$5,573,556</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

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

Students and instruction related services include the activities involved with assisting staff with the content and process of teaching to students.

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

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

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

Table 4 provides a summary of School District's capital assets net of depreciation for 2013.

TABLE 4
CAPITAL ASSETS AT YEAR END (Net of Depreciation)

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Variances</u>	
			<u>Dollars</u>	<u>Percent</u>
Land	\$ 285,100	\$ 285,100		
Land Improvements	9,987	6,510	3,477	53.41%
Building and Improvements	12,411,540	1,099,476	11,312,064	1028.86%
Machinery and Equipment	82,661	82,486	175	.21%
Construction in Progress	<u>7,470</u>	<u>11,507,770</u>	<u>(11,500,300)</u>	99.94%
	<u>\$12,796,758</u>	<u>\$12,981,342</u>	<u>\$ (184,584)</u>	-1.42%

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Table 5 provides outstanding Bonded Debt at June 30, 2013.

TABLE 5
OUTSTANDING DEBT AT YEAR END

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Variances</u>	
			<u>Dollars</u>	<u>Percent</u>
2005 General Obligation Bonds	\$ 845,000	\$6,634,000	\$(5,789,000)	-87.26%
2013 Refunding Bond Issue	<u>5,380,000</u>		<u>\$ 5,380,000</u>	
	<u>\$6,225,000</u>	<u>\$6,634,000</u>	<u>\$ (409,000)</u>	-6.17%

GENERAL FUND BUDGETING HIGHLIGHTS

At the Franklin Township School District budgets are prepared in December/January with State revenue information being received in February/March and a public vote, if necessary, on the tax levy question in November. The budget year begins in July and runs through June 30. Changes occur over that 18-month period, unanticipated shifts in enrollment, staffing needs, students requiring out-of-district services, weather requiring more or less funding for heating, unexpected repairs to facilities, and mandated programs are often added after a budget is adopted.

The district builds a budget to meet the needs of its students based on the information and projections that are available at the time.

During the course of the 2013 fiscal year, the district amended its general fund budget by transferring funds as needed to prevent over-expenditures in specific line item accounts. The most significant need for changes was instruction and capital outlay.

CAPITAL ASSETS

At the end of the fiscal year 2013, the School District had \$12,796,758 invested in land, buildings, furniture and equipment and construction in progress. Table 4 shows fiscal 2013 balances compared to 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

LONG TERM LIABILITIES-DEBT ADMINISTRATION

As of June 30, 2013, the district had \$6,866,520 of long-term liabilities. Of this amount, \$61,705 is for compensated absences. As of June 30, 2013, as a result of the December 2004 referendum, there is debt in the amount of \$6,225,000 of bonds payable. Also included in long-term liabilities are a capital lease of \$110,837 and unamortized bond premium due to the bond refinancing of \$468,978. Table 5 shows fiscal year 2013 balances compared to 2012.

FOR THE FUTURE

The Franklin Township School District is in sound financial condition. Continued emphasis will be placed upon efficient and effective management of resources by leveraging indirect and direct savings towards student programs and initiatives. Plans include expanding summer school, introducing new programs and offering electives.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the district's finances and to show the district's accountability for the money it receives. If you have questions about this report or need additional information, contact Carol Delsandro, Business Administrator/Board Secretary at Franklin Township School District, 226 Quakertown Rd., P.O. Box 368, Quakertown, N.J. 08868 or email at cdelsandro@ftschoool.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 490,692	\$ 42,952	\$ 533,644
Receivables, Net	110,379	1,819	112,198
Interfunds Receivable	21,306		21,306
Inventories		4,016	4,016
Restricted Assets:			
Capital Reserve	72,550		72,550
Maintenance Reserve	28,802		28,802
Capital Projects	866		866
Debt Service	3,332		3,332
Capital Assets, Net (Note 4)			
Land and Construction in Progress	292,570		292,570
Other Capital Assets, Net of Depreciation	12,493,647	10,541	12,504,188
Total Assets	13,514,144	59,328	13,573,472
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount of Refunding	384,536	-	384,536
LIABILITIES			
Accounts Payable	28,209	3,492	31,701
Accrued Interest on Bonds	66,052		66,052
Payable to Governments	21,160		21,160
Unearned Revenue	7,318	1,716	9,034
Long-Term Liabilities (Note 5):			
Due Within One Year	542,483		542,483
Due Beyond One Year	6,262,332		6,262,332
Compensated Absences	61,705		61,705
Total Liabilities	6,989,259	5,208	6,994,467
NET POSITION			
Net Investment in Capital Assets	6,561,217	10,541	6,571,758
Restricted For:			
Capital Reserve	72,550		72,550
Maintenance Reserve	28,802		28,802
Capital Projects	866		866
Debt Service	3,332		3,332
Unrestricted	242,654	43,579	286,233
TOTAL NET POSITION	\$ 6,909,421	\$ 54,120	\$ 6,963,541

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 480,851	\$ 9,841			\$ 490,692
Receivables from Other Governments:					
State	77,784				77,784
Federal		29,842			29,842
Due from Other Funds	21,306				21,306
Other Receivables	2,753				2,753
Restricted Cash & Equivalents	101,352		\$ 866	\$ 3,332	105,550
TOTAL ASSETS	<u>\$ 684,046</u>	<u>\$ 39,683</u>	<u>\$ 866</u>	<u>\$ 3,332</u>	<u>\$ 727,927</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 17,004	\$ 11,205			\$ 28,209
Payables to Governments:					
State		21,160			21,160
Unearned Revenue		7,318			7,318
Total Liabilities	<u>17,004</u>	<u>39,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>56,687</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus	\$ 58,051				\$ 58,051
Excess Surplus-Designated for Subsequent Year's Expenditures	62,167				62,167
Committed Fund Balance:					
Capital Reserve Account	72,550				72,550
Maintenance Reserve Account	28,802				28,802
Assigned Fund Balance:					
Year-End Encumbrances	145,081				145,081
Designated for Subsequent Year's Expenditures	728			\$ 3,332	4,060
Unassigned Fund Balance	299,663		\$ 866		300,529
Total Fund Balances	<u>667,042</u>	<u>\$ -</u>	<u>866</u>	<u>3,332</u>	<u>671,240</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 684,046</u>	<u>\$ 39,683</u>	<u>\$ 866</u>	<u>\$ 3,332</u>	
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are Different Because:					
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is				\$ 15,961,978 <u>3,175,761</u>	12,786,217
Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds					(6,866,520)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.					(66,052)
For refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old or new debt whichever is shorter				Refunding Amount Accum Amort	399,917 <u>15,381</u>
					<u>384,536</u>
Total Net Position of Governmental Activities					<u>\$ 6,909,421</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,027,551			\$ 658,747	\$ 5,686,298
Interest on Investments	5,416				5,416
Miscellaneous	5,666	\$ 58			5,724
Total	5,038,633	58	\$ -	658,747	5,697,438
State Sources	753,265	15,633			768,898
Federal Sources		140,773			140,773
Total Revenues	5,791,898	156,464	-	658,747	6,607,109
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	1,785,923	45,751			1,831,674
Special Education Instruction	579,101				579,101
Other Special Instruction	46,930	12,523			59,453
Other Instruction	2,250				2,250
Support Service & Undistributed Costs:					
Tuition	241,337	64,953			306,290
Student & Instruction Related Services	468,239	33,237			501,476
General & Business Administrative Services	420,546		78,820		499,366
School Administrative Services	56,675				56,675
Plant Operations and Maintenance	567,218				567,218
Pupil Transportation	312,120				312,120
Unallocated Benefits	1,177,777				1,177,777

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 333,053		\$ 3,672		\$ 336,725
Debt Service:					
Principal				\$ 400,000	400,000
Interest & Other Charges	23,436			258,747	282,183
Total Expenditures	<u>6,014,605</u>	<u>\$ 156,464</u>	<u>82,492</u>	<u>658,747</u>	<u>6,912,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(222,707)</u>	<u>-</u>	<u>(82,492)</u>	<u>-</u>	<u>(305,199)</u>
Other Financing Sources (Uses):					
Operating Transfer In (Out)	(28,113)		113		(28,000)
Insurance Claim Proceeds for Storm Damage	18,228				18,228
Capital Leases	167,400				167,400
Proceeds from Refunding Bond Issue			5,380,000		5,380,000
Payment to Refunding Bond Escrow Agent			(5,788,917)		(5,788,917)
Premium on Bond Issue			487,737		487,737
	<u>157,515</u>	<u>-</u>	<u>78,933</u>	<u>-</u>	<u>236,448</u>
Net Change in Fund Balance	(65,192)	-	(3,559)	-	(68,751)
Fund Balances, July 1	<u>732,234</u>	<u>-</u>	<u>4,425</u>	<u>3,332</u>	<u>739,991</u>
Fund Balances, June 30	<u>\$ 667,042</u>	<u>\$ -</u>	<u>\$ 866</u>	<u>\$ 3,332</u>	<u>\$ 671,240</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Changes in Fund Balances-Governmental Fund (from B-2) \$ (68,751)

Amounts Reported for Governmental Activities in the Statement of
Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital Outlays	\$ 174,518	
Depreciation Expense	<u>(364,956)</u>	(190,438)

Government funds report debt issues as financing sources whereas issuing debt increases long-term liabilities in the government wide statements:

Proceeds of Refinancing Bond Issue	(5,380,000)	
Proceeds of Capital Leases	<u>(167,400)</u>	(5,547,400)

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

Debt Principal Payments	456,563	
Payment to Refunding Agent treated as Deferred Outflow	<u>5,788,917</u>	6,245,480

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

Bond Premium Received	(487,737)	
Amortization of Bond Premium	<u>18,759</u>	(468,978)

In the statement of activities, the deferred outflow from a refunding bond issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter.

(15,381)

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

30,978

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

(388)

Change in Net Position of Governmental Activities

\$ (14,878)

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Food Service Fund	Pre K & K Wrap Program	Total
Current Assets:			
Cash & Cash Equivalents	\$ 6,136	\$ 36,816	\$ 42,952
Accounts Receivable:			
Intergovernment-Federal	1,690		1,690
Intergovernment-State	129		129
Inventories	4,016		4,016
Total Current Assets	<u>11,971</u>	<u>36,816</u>	<u>48,787</u>
Fixed Assets:			
Capital Assets	21,667		21,667
Accumulated Depreciation	11,126		11,126
Total Fixed Assets	<u>10,541</u>	<u>-</u>	<u>10,541</u>
Total Assets	<u>22,512</u>	<u>36,816</u>	<u>59,328</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,492		3,492
Unearned Revenues	1,716		1,716
Total Liabilities	<u>5,208</u>	<u>-</u>	<u>5,208</u>
NET POSITION			
Net Investment in Capital Assets	10,541		10,541
Unrestricted	6,763	36,816	43,579
TOTAL NET POSITION	<u>\$ 17,304</u>	<u>\$ 36,816</u>	<u>\$ 54,120</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Pre K & K Wrap Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 37,806		\$ 37,806
Daily Sales-Nonreimbursable Programs	18,501		18,501
Fees for Services		\$ 22,465	22,465
Total Operating Revenues	56,307	22,465	78,772
Operating Expenses:			
Costs of Sales	26,372		26,372
Salaries	16,982	21,941	38,923
Employee Benefits	2,686		2,686
Insurance	1,856		1,856
Management Fees	7,199		7,199
Other Purchased Services	2,762		2,762
General Supplies	4,573		4,573
Repairs and Maintenance	3,976		3,976
Depreciation	1,266		1,266
Miscellaneous	250		250
Total Operating Expenses	67,922	21,941	89,863
Operating Income (Loss)	(11,615)	524	(11,091)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	641		641
Federal Sources:			
National School Lunch Program	8,284		8,284
Food Donation Program	3,784		3,784
Interest Earned on Investments	29		29
Total Nonoperating Revenues	12,738	-	12,738
Change in Net Position	1,123	524	1,647
Total Net Position, Beginning	16,181	36,292	52,473
Total Net Position, Ending	\$ 17,304	\$ 36,816	\$ 54,120

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Pre K & K Wrap Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 56,307	\$ 24,040	\$ 80,347
Payments to Food Services Management Co	(53,367)		(53,367)
Payments to Vendors and Employees (Net)	(6,898)	(21,941)	(28,839)
Net Cash Provided by (Used For) Operating Activities	<u>(3,958)</u>	<u>2,099</u>	<u>(1,859)</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Activity	(2,338)		(2,338)
Federal Sources	7,047		7,047
State Sources	550		550
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>5,259</u>	<u>-</u>	<u>5,259</u>
Cash Flows from Investing Activities:			
Interest Earned on Investments	29	-	29
Cash Flows from Capital Financing Activities:			
Acquisition of Equipment	(7,120)		(7,120)
Net Cash Provided by (Used For) Capital Financing Activities	<u>(7,120)</u>	<u>-</u>	<u>(7,120)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,790)	2,099	(3,691)
Cash and Cash Equivalents, July 1, 2012	11,926	34,717	46,643
Cash and Cash Equivalents, June 30, 2013	<u>\$ 6,136</u>	<u>\$ 36,816</u>	<u>\$ 42,952</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (11,615)	\$ 524	\$ (11,091)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	1,266		1,266
(Increase) Decrease in Accounts Receivable	1,213	1,575	2,788
(Increase) Decrease in Inventory	(2,792)		(2,792)
Increase (Decrease) in Accounts Payable	3,492		3,492
Federal Food Donation Program	4,478		4,478
Net Cash Provided by (Used For) Operating Activities	<u>\$ (3,958)</u>	<u>\$ 2,099</u>	<u>\$ (1,859)</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Cash Equivalents	\$ 26,375	\$ 10,469	\$ 105,980
Due from Other Funds	5,161		
	<u>31,536</u>	<u>10,469</u>	<u>105,980</u>
TOTAL ASSETS			
LIABILITIES			
Due to Other Funds	21,306		5,161
Due to Student Groups		10,469	
Payroll Deductions & Withholdings			100,819
	<u>21,306</u>	<u>\$ 10,469</u>	<u>\$ 105,980</u>
TOTAL LIABILITIES			
NET POSITION	<u>\$ 10,230</u>		

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 8,964
Investment Earnings-Interest	79
Total Additions	<u>9,043</u>
DEDUCTIONS	
Unemployment Claims	<u>(12,999)</u>
Total Deductions	<u>(12,999)</u>
Other Financing Sources (Uses);	
Transfer in from the General Fund	<u>28,000</u>
Total Other Financing Sources (Uses);	<u>28,000</u>
Change in Net Position	24,044
Net Position, Beginning of the Year	<u>(13,814)</u>
Net Position, End of the Year	<u><u>\$ 10,230</u></u>

NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2013 of 293 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

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

General Fund (Cont'd)

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

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

Enterprise Fund (Cont'd)

The District's Enterprise Fund is comprised of the Food Service Fund and a Child Care Program fund.

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

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

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

Fiduciary Fund Types

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

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if necessary are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2013 were insignificant.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

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

E. Encumbrances

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

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

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

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2012-2013 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

J. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements & Storage Sheds	20-50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

K. Compensated Absences

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

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

L. Unearned Revenue

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

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at yearend. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-Term Obligations

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

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

N. Fund Balances-Governmental Funds

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

N. Fund Balances-Governmental Funds (cont'd)

- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

O. Comparative Data/Reclassifications

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

P. Allocation of Indirect Expenses

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

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

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

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

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

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Deposits at June 30, 2013 appear in the financial statements as summarized below:

Cash and Cash Equivalents		\$ <u>782,018</u>
	Ref.	
Cash and Cash Equivalents:		
Governmental Funds, Balance Sheet	B-1	\$ 596,242
Enterprise Fund, Statement of Net Position	B-4	42,952
Fiduciary Funds, Statement of Net Position	B-7	<u>142,824</u>
Total Cash		\$ <u>782,018</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2013 is \$782,018 and the bank balance is \$889,200. Of the bank balance, \$250,000 is covered by federal depository insurance and \$639,200 is insured by GUDPA.

Deposit and Investment Risk

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

1. Custodial credit risk disclosures are required for:
 - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

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

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2013, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being				
Depreciated:				
Land	\$ 285,100			\$ 285,100
Construction in Progress	11,507,770	\$ 11,057	\$ 11,511,357	7,470
	<u>11,792,870</u>	<u>11,057</u>	<u>11,511,357</u>	<u>292,570</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	107,643	5,463		113,106
Building & Improvements	2,998,951	11,664,076		14,663,027
Furniture & Equipment	887,996	5,279		893,275
Total	<u>3,994,590</u>	<u>11,674,818</u>	<u>-0-</u>	<u>15,669,408</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Accumulated Depreciation:				
Land Improvements	\$ 101,133	\$ 1,986		\$ 103,119
Building & Improvements	1,899,475	352,012		2,251,487
Furniture & Equipment	810,197	10,958		821,155
Total	<u>2,810,805</u>	<u>364,956</u>	<u>\$ -0-</u>	<u>3,175,761</u>
Total Capital Assets, Being Depreciated, Net	<u>1,183,785</u>	<u>11,309,862</u>	<u>-0-</u>	<u>12,493,647</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,976,655</u>	<u>\$11,320,919</u>	<u>\$ 11,511,357</u>	<u>\$ 12,786,217</u>
Business-Type Activities:				
Furniture & Equipment	\$ 14,547	\$ 7,120		\$ 21,667
Less: Accum Depreciation	<u>9,860</u>	<u>1,266</u>		<u>11,126</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,687</u>	<u>\$ 5,854</u>	<u>\$ -0-</u>	<u>\$ 10,541</u>

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

Instruction:	
Regular	\$ 192,940
Special Education	61,000
Other Special Instruction	6,263
Other Instruction	237
Support Services:	
Student & Instruction	52,823
General & Business Admin	44,298
School Administration	5,970
Plant Maintenance	<u>1,425</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 364,956</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2013 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 6,634,000	\$ 5,380,000	\$ 5,789,000	\$ 6,225,000	\$ 450,000
Unamortized Bond Premium		487,737	18,759	468,978	37,518
Capital Leases Payable		167,400	56,563	110,837	54,965
Compensated Absences Payable	<u>61,317</u>	<u>2,388</u>	<u>2,000</u>	<u>61,705</u>	<u></u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 6,695,317</u>	<u>\$ 6,037,525</u>	<u>\$ 5,866,322</u>	<u>\$ 6,866,520</u>	<u>\$ 542,483</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2013 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 450,000	\$ 194,106	\$ 644,106
2015	440,000	199,875	639,875
2016	460,000	183,550	643,550
2017	475,000	169,750	644,750
2018	490,000	155,500	645,500
2019-2023	2,690,000	542,300	3,232,300
2024-2025	<u>1,220,000</u>	<u>73,600</u>	<u>1,293,600</u>
Total	<u>\$ 6,225,000</u>	<u>\$ 1,518,681</u>	<u>\$ 7,743,681</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

General Obligation Bonds – General obligation school building bonds at June 30, 2013, with their outstanding balances are comprised of the following individual issues:

\$8,244,000-2005 general obligation bonds, interest from 3.50% to 4.00% due in annual installments beginning Feb 15, 2008 through Feb 15, 2025	\$ 845,000
\$5,380,000-2013 refunding general obligation bond, interest from 2.00% to 4.00% due in annual installments beginning Feb 15, 2014 through Feb 15, 2025	<u>5,380,000</u>
	<u>\$ 6,225,000</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2013 is \$17,252,866. General obligation debt at June 30, 2013 is \$6,225,000, resulting in a legal debt margin of \$11,027,866.

Advance Refunding of School Bond Series 2003

Defeasance of Debt - On March 17, 2013, the District issued \$5,380,000 in general obligation bonds with an average interest rate of 3.60% to advance refund \$5,389,000 of outstanding 2005 series bonds with an average interest rate of 3.93%. The net proceeds of \$5,788,917 (issue amount of \$5,380,000 plus the bond premium of \$487,737 and less \$78,820 in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2005 series bonds. As a result, the portion of the 2005 series bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. The advance refunding of outstanding callable 2005 series bonds generated \$210,563 in gross debt service savings.

Capital Leases Payable

The District is leasing technology equipment totaling \$167,400 under a capital lease. The following is a schedule of the future minimum lease payments under the lease and the net minimum lease payments at June 30, 2013:

<u>Year Ending June</u>	General Fund
2014	\$ 56,794
2015	<u>56,794</u>
	113,588
Amount Representing Interest	<u>2,751</u>
	<u>\$ 110,837</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS

Description of Systems

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

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

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (Cont'd)

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

Significant Legislation

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

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

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

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

<u>Year Funding</u>	<u>TPAF Benefit Costs</u>	<u>Percentage of APC Contributed</u>
06/30/13	\$ 307,102	100%
06/30/12	262,170	100%
06/30/11	166,288	100%

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
06/30/13	\$ 58,511	100%
06/30/12	55,025	100%
06/30/11	18,497	100%

During the year ended June 30, 2013, the State of New Jersey contributed \$162,974 to the TPAF for post-retirement medical benefits, \$7,204 for non-contributory insurance premiums and \$136,924 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$147,143 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Ch 126 benefits for 16,618 eligible retired members.

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.nj.gov/treasury/pensions/audit-rpts-2012/shbp-12.pdf

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

NOTE 8. DEFERRED COMPENSATION

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

VALIC
Siracusa Benefits
Lincoln Investment Planning

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The following interfund balances remained on the various balance sheets at June 30, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 21,306	
Fiduciary Fund:		
Unemployment Compensation	5,161	\$ 21,306
Payroll Agency		5,161
	\$ 26,467	\$ 26,467

The balance due from the Unemployment Compensation Fund is due to prior year payments made by the General Fund for unemployment payments. The interfund between payroll agency and unemployment represents employee withholdings not transferred by year-end.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2013 consisted of the following:

Food	\$ 3,132
Supplies	884
	\$ 4,016

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

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

NOTE 12. RISK MANAGEMENT

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ 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, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 28,000	\$ 79	\$ 8,964	\$ 12,999	\$ 10,230
2011-2012	-0-	8	4,630	13,726	(13,814)
2010-2011	-0-	287	13,281	61,080	(4,726)

NOTE 13. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District by inclusion of \$1 on September 25, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to NJAC 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$29,999 to their Capital Reserve account and \$19,999 to their Maintenance Reserve Account by board resolution in June 2013 as summarized in the following schedule.

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

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Return Unused With- drawal</u>	<u>With- drawal</u>	<u>Ending Balance</u>
Capital	\$ 150,001	\$ 29,999			\$ 107,450	\$ 72,550
Maintenance	60,000	19,999			51,197	28,802
Totals	<u>\$ 210,001</u>	<u>\$ 49,998</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 158,647</u>	<u>\$ 101,352</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N- Fund Balance may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 58,051	\$ 62,167
Excess Surplus-Designated for Subsequent Year's Expenditures-Represents amount appropriated in the succeeding years budget to reduce tax requirements	62,167	
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	72,550	150,001
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	28,802	60,000
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	145,081	71,504
Designated Surplus-Designated for subsequent year's Expenditures-Represents amount appropriated in the succeeding year's budget to reduce tax requirements	728	56,147
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>320,431</u>	<u>350,728</u>
Total Fund Balance	<u>\$ 687,810</u>	<u>\$ 750,547</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$58,051.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 25, 2013, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2013, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 65, debt issuance costs are now recognized as an expense in the period incurred. The following is a summary of the District's restatement of net position as of June 30, 2012:

	Governmental Activities
Net Position, June 30, 2012 as Originally Stated	\$ 6,970,488
Less:	
Expensing of Bond Issuance Costs in Prior Periods	46,189
Net Position, June 30, 2012 as Restated	<u>\$ 6,924,299</u>

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,027,551		\$ 5,027,551	\$ 5,027,551	
Interest on Investments				5,416	\$ 5,416
Unrestricted Miscellaneous Revenues	40,196		40,196	5,666	(34,530)
Total	5,067,747	\$ -	5,067,747	5,038,633	(29,114)
State Sources:					
Categorical Special Education Aid	186,834		186,834	186,834	
Categorical Security Aid	16,527		16,527	16,527	
Categorical Transportation Aid	27,683		27,683	27,683	
Non Public Transportation Aid				8,874	8,874
Extraordinary Special Education Costs Aid				61,557	61,557
On-Behalf TPAF Pension Contributions				144,128	144,128
On-Behalf TPAF Post Retirement Medical Benefits				162,974	162,974
Reimbursed TPAF Social Security Contribution				147,143	147,143
Total	231,044	-	231,044	755,720	524,676
TOTAL REVENUES	\$ 5,298,791	\$ -	\$ 5,298,791	\$ 5,794,353	\$ 495,562
EXPENDITURES					
Current:					
Regular Programs- instruction:					
Salaries of Teachers:					
Preschool	\$ 33,238	\$ (19,130)	\$ 14,108	\$ 13,481	\$ 627
Kindergarten	120,551	48,409	168,960	163,260	5,700
Grades 1-5	803,702	34,999	838,701	803,239	35,462
Grades 6-8	519,448	102,384	621,832	600,210	21,622
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	54,193	(1,198)	52,995	52,995	
Purchased Technical Services	28,025	(8,163)	19,862	19,862	
Other Purchased Services	9,900	726	10,626	10,626	
General Supplies	68,627	21,075	89,702	87,499	2,203
Textbooks	36,202	(2,251)	33,951	33,951	
Other Objects	2,000	(1,200)	800	800	
Total	1,675,886	175,651	1,851,537	1,785,923	65,614
Special Education:					
Resource Room:					
Salaries of Teachers	358,590	(115,577)	243,013	225,203	17,810
Other Salaries for Instruction	275,245	(5,661)	269,584	269,584	
General Supplies	1,500	(494)	1,006	1,006	
Total	635,335	(121,732)	513,603	495,793	17,810
Preschool Disabilities-Full-Time:					
Salaries of Teachers		39,974	39,974	35,093	4,881
Other Salaries for Instruction		42,374	42,374	42,374	
General Supplies		2,491	2,491	2,491	
Total	-	84,839	84,839	79,958	4,881
Extended School Year:					
Salaries of Teachers		2,800	2,800	2,774	26
Other Salaries for Instruction		576	576	576	
Total	-	3,376	3,376	3,350	26
Total Special Education	635,335	(33,517)	601,818	579,101	22,717

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Basic Skills/Remedial Instruction:					
Salaries of Teachers	\$ 48,169	\$ (902)	\$ 47,267	\$ 46,328	\$ 939
Purchased Professional-Educational Services	600	(600)			
General Supplies		602	602	602	
Total	48,769	(900)	47,869	46,930	939
School-Sponsored Athletics-Instruction:					
Salaries		1,822	1,822	636	1,186
Supplies and Materials		1,614	1,614	1,614	
Total	-	3,436	3,436	2,250	1,186
Total Instruction Regular	\$ 2,359,990	\$ 144,670	\$ 2,504,660	\$ 2,414,204	\$ 90,456
Undistributed Expenditures:					
Tuition:					
Tuition Other LEAs Special Within the State-Special	\$ 202,763	\$ (189)	\$ 202,574	\$ 182,677	\$ 19,897
Tuition Private School for the Disabled Within the State	88,070	(28,876)	59,194	58,660	534
Total	290,833	(29,065)	261,768	241,337	20,431
Attendance & Social Work:					
Salaries	23,783	(424)	23,359	22,859	500
Health Services:					
Salaries	56,646	3,925	60,571	56,341	4,230
Purchased Professional & Technical Services	1,800	(215)	1,585	1,585	
Other Purchased Services	100		100	48	52
Supplies & Materials	3,000	(2,100)	900	839	61
Total	61,546	1,610	63,156	58,813	4,343
Speech, OT, PT & Related Services:					
Salaries	47,419	(602)	46,817	45,578	1,239
Purchased Professional Educational Services	26,551	4,371	30,922	30,922	
Supplies & Materials	709	(192)	517	517	
Total	74,679	3,577	78,256	77,017	1,239
Guidance:					
Salaries of Other Professional Staff	46,394	3,006	49,400	43,751	5,649
Purchased Professional Educational Services	500	(500)			
Supplies & Materials		96	96	96	
Total	46,894	2,602	49,496	43,847	5,649
Child Study Team:					
Salaries of Other Professional Staff	36,112	(28,905)	7,207		7,207
Salaries of Secretarial and Clerical Assistants	52,962	(5,503)	47,459	40,741	6,718
Purchased Professional Educational Services	113,335	37,751	151,086	151,086	
Other Purchased Professional & Technical Services	1,500	(1,500)			
Miscellaneous Purchased Services	2,000	(843)	1,157	1,157	
Supplies & Materials	1,000	(608)	392	392	
Total	206,909	392	207,301	193,376	13,925

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 2,400		\$ 2,400		\$ 2,400
Salaries of Other Professional Staff	80,631	\$ (7,500)	73,131	\$ 68,964	4,167
Purchased Professional Educational Services	500		500		500
Supplies & Materials	2,250	(345)	1,905	623	1,282
Total	85,781	(7,845)	77,936	69,587	8,349
Educational Media Service/School Library:					
Supplies & Materials	1,500	1,282	2,782	2,740	42
Total	1,500	1,282	2,782	2,740	42
Instructional Staff Training Services:					
Other Purchased Services	2,000		2,000		2,000
Other Objects	1,000		1,000		1,000
Total	3,000	-	3,000	-	3,000
Support Services-General Administration:					
Salaries	165,813	(1,400)	164,413	157,666	6,747
Legal Services	49,700		49,700	45,330	4,370
Audit Fees	16,000		16,000	15,000	1,000
Other Purchased Professional Services	1,000	10,332	11,332	10,982	350
Communications/Telephone	17,000	(9,939)	7,061	7,037	24
Board of Education Other Purchased Services	1,000		1,000	97	903
Miscellaneous Purchased Services	35,500	(10,059)	25,441	25,441	
General Supplies	7,908	9,471	17,379	11,235	6,144
Board of Education In-House Training/Meeting Supplies	800		800	342	458
Miscellaneous Expenditures	1,800	900	2,700	2,592	108
Board of Education Membership Dues and Fees	5,000		5,000	3,592	1,408
Total	301,521	(695)	300,826	279,314	21,512
Support Services-School Administration:					
Salaries of Principals/Assistant Principals/Program Director	36,950		36,950	33,750	3,200
Salaries of Secretarial and Clerical Assistants	24,783		24,783	22,859	1,924
Supplies & Materials	1,066		1,066	66	1,000
Total	62,799	-	62,799	56,675	6,124
Central Services:					
Salaries	99,756	26,400	126,156	126,147	9
Purchased Professional Services	9,000	3,275	12,275	12,275	
Miscellaneous Purchased Services	1,400	(391)	1,009	401	608
Supplies & Materials	2,000	109	2,109	2,108	1
Miscellaneous Expenditures	1,500	(458)	1,042	301	741
Total	113,656	28,935	142,591	141,232	1,359
Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	42,000	2,130	44,130	41,103	3,027
General Supplies	15,000	(1,482)	13,518	12,191	1,327
Total	57,000	648	57,648	53,294	4,354

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Custodial Services:					
Salaries	\$ 22,459	\$ 1,110	\$ 23,569	\$ 22,459	\$ 1,110
Purchased Professional & Technical Services	303,688	(53,365)	250,323	250,033	290
Cleaning, Repair, and Maintenance Services	33,200	(14,002)	19,198	17,685	1,513
Insurance	21,300	7,442	28,742	28,742	
General Supplies	9,000	(3,352)	5,648	5,097	551
Energy (Electricity)	106,230	(35,646)	70,584	70,584	
Energy (Natural Gas)	800	2,572	3,372	3,372	
Energy (Oil)	65,000	32,724	97,724	97,724	
Total	561,677	(62,517)	499,160	495,696	3,464
Student Transportation Services:					
Management Fee-ESC & CTSA Trans. Program	10,400	(500)	9,900	5,848	3,464
Contracted Services (Oth. than Bet Home & Sch)-Vend		975	975	975	4,052
Contracted Services (Between Home & Sch)-Joint Agrmts	185,000	(43,975)	141,025	140,796	229
Contracted Services (Sp Ed Students)-ESCs & CTSA's	125,000	(21,470)	103,530	98,744	4,786
Contracted Services-Aid in Lieu Pymts-NonPub Sch		76,059	76,059	65,757	10,302
Contracted Services-Aid in Lieu Pymts-Choice School	47,859	(47,859)			
Total	368,259	(36,770)	331,489	312,120	19,369
Allocated Benefits:					
Employee Benefits:					
Regular Programs:					
Social Security Contributions	9,113	10,982	20,095	18,095	2,000
Other Retirement Contributions-PERS	12,004	(1,538)	10,466	9,195	1,271
Other Retirement Contributions-Deferred PERS	998	(998)			
Workmen's Compensation	14,686	(1,538)	13,148	13,148	
Health Benefits	337,369	5,234	342,603	342,603	
Tuition Reimbursement	1,000	(1,000)			
Other Employee Benefits	6,680	(2,798)	3,882	3,882	
Total	381,850	8,344	390,194	386,923	3,271
Special Programs:					
Social Security Contributions	19,033	2,694	21,727	20,611	1,116
Other Retirement Contributions-PERS	20,893	5,728	26,621	26,621	
Workmen's Compensation	6,370		6,370	6,370	
Health Benefits	101,996	(21,936)	80,060	80,060	
Other Employee Benefits	3,182	(2,258)	924	924	
Total	151,474	(15,772)	135,702	134,586	1,116
Attendance & Social Work:					
Social Security Contributions	1,819	1,960	3,779	3,533	246
Other Retirement Contributions-PERS	2,022		2,022	2,022	
Workmen's Compensation	235		235	235	
Health Benefits	9,490	(929)	8,561	8,554	7
Other Employee Benefits	90	45	135	112	23
Total	13,656	1,076	14,732	14,456	276
Health Services:					
Social Security Contributions	153		153		153
Workmen's Compensation	560		560	560	
Health Benefits	13,253	(3,785)	9,468	9,364	104
Other Employee Benefits	180	-	180	158	22
Total	14,146	(3,785)	10,361	10,082	279
Speech, OT, PT, & Related Services:					
Social Security Contributions	383		383		383
Workmen's Compensation	469		469	469	
Other Employee Benefits	180		180	180	
Total	1,032	-	1,032	649	383

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Allocated Benefits: (cont'd)					
Employee Benefits: (cont'd)					
Guidance:					
Workmen's Compensation	\$ 450		\$ 450	\$ 450	
Health Benefits	23,681	\$ (2,224)	21,457	21,457	
Other Employee Benefits	180		180	180	
Total	24,311	(2,224)	22,087	22,087	\$ -
Child Study Team:					
Social Security Contributions	3,321	208	3,529	3,314	215
Other Retirement Contributions-PERS	3,605		3,605	3,605	
Workmen's Compensation	752		752	752	
Health Benefits	34,128	(13,609)	20,519	20,519	
Other Employee Benefits	-	206	206	206	
Total	41,806	(13,195)	28,611	28,396	215
Improvement of Instruction Services:					
Social Security Contributions	184		184		184
Workmen's Compensation	790		790	790	
Health Benefits	21,945	(6,742)	15,203	15,146	57
Other Employee Benefits		516	516	516	
Total	22,919	(6,226)	16,693	16,452	241
Support Services-General Administration:					
Social Security Contributions	12,578		12,578	11,042	1,536
Other Retirement Contributions-PERS	4,541		4,541	4,541	
Workmen's Compensation	1,626		1,626	1,626	
Health Benefits	19,283	(1,031)	18,252	17,405	847
Other Employee Benefits		265	265	264	1
Total	38,028	(766)	37,262	34,878	2,384
Support Services-School Administration:					
Social Security Contributions	3,962		3,962	1,737	2,225
Other Retirement Contributions-PERS	2,022		2,022	2,022	
Workmen's Compensation	512		512	512	
Health Benefits	9,490		9,490	8,554	936
Other Employee Benefits		90	90	90	
Total	15,986	90	16,076	12,915	3,161
Support Services-Central Services:					
Social Security Contributions	3,184	1,256	4,440	4,440	
Other Retirement Contributions-PERS	3,537		3,537	3,537	
Workmen's Compensation	975		975	347	628
Health Benefits	23,929	8,786	32,715	32,670	45
Other Employee Benefits		831	831	813	18
Total	31,625	10,873	42,498	41,807	691
Custodial Benefits:					
Social Security Contributions	1,718	576	2,294	88	2,206
Other Retirement Contributions-PERS	1,909	222	2,131	2,131	
Workmen's Compensation	222	(222)			
Total	3,849	576	4,425	2,219	2,206
Total Allocated Benefits	740,682	(21,009)	719,673	705,450	14,223
Unallocated Benefits:					
Employee Benefits:					
Social Security Contributions	10,915	(262)	10,653	10,653	
Other Retirement Contributions-PERS	6,439	1,043	7,482	7,429	53
Unemployment Compensation	25,000	(25,000)			
Other Employee Benefits	143	(143)			
Total Unallocated Benefits	42,497	(24,362)	18,135	18,082	53

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Pension Contributions				\$ 144,128	\$ (144,128)
On-Behalf TPAF Post Retirement Medical Benefits				162,974	(162,974)
Reimbursed TPAF Social Security Contribution				147,143	(147,143)
Total	\$ -	\$ -	\$ -	454,245	(454,245)
Total Undistributed Expenditures	\$ 3,043,016	\$ (143,641)	\$ 2,899,375	\$ 3,225,684	\$ (326,309)
TOTAL CURRENT	\$ 5,403,006	\$ 1,029	\$ 5,404,035	\$ 5,639,888	\$ (235,853)
CAPITAL OUTLAY					
Assets Acquired Under Capital Leases:					
Computer Equipment and Supplies				\$ 167,400	\$ (167,400)
Equipment:					
Required Maint. For School Facilities		\$ 64,697	\$ 64,697	54,355	10,342
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		7,471	7,471	7,471	
Construction Services		107,450	107,450	103,827	3,623
NJ SDA Debt Service Assessment	\$ 23,436		23,436	23,436	
TOTAL CAPITAL OUTLAY	\$ 23,436	\$ 179,618	\$ 203,054	\$ 356,489	\$ (153,435)
TOTAL EXPENDITURES	\$ 5,426,442	\$ 180,647	\$ 5,607,089	\$ 5,996,377	\$ (389,288)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (127,651)	\$ (180,647)	\$ (308,298)	\$ (202,024)	\$ 106,274
Other Financing Sources (Uses):					
Capital Leases (Non-Budgeted)				167,400	167,400
Transfers Out-Unemployment Compensation Fund		(28,000)	(28,000)	(28,000)	
Transfers Out-Capital Projects Fund				(113)	(113)
Total Other Financing Sources (Uses):	-	(28,000)	(28,000)	139,287	167,287
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(127,651)	(208,647)	(336,298)	(62,737)	273,561
Fund Balances, July 1	750,547	-	750,547	750,547	-
Fund Balances, June 30	\$ 622,896	\$ (208,647)	\$ 414,249	\$ 687,810	\$ 273,561
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (71,504)		\$ (71,504)	\$ (71,504)	
Increase in Capital Reserve		\$ 29,999	29,999	29,999	
Withdrawal from Capital Reserve		(107,450)	(107,450)	(107,450)	
Increase in Maintenance Reserve		19,999	19,999	19,999	
Withdrawal from Maintenance Reserve		(51,197)	(51,197)	(51,197)	
Budgeted Fund Balance	(56,147)	(99,998)	(156,145)	117,416	\$ 273,561
TOTAL	\$ (127,651)	\$ (208,647)	\$ (336,298)	\$ (62,737)	\$ 273,561
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Excess Surplus:					
Prior Year-Designated for 2013-2014 Budget				\$ 62,167	
Current Year-Designated for 2014-2015 Budget				58,051	
					\$ 120,218
Committed Fund Balance:					
Capital Reserve				72,550	
Maintenance Reserve				28,802	
					101,352
Assigned Fund Balance:					
Year-End Encumbrances				145,081	
Designated for Subsequent Year's Expenditures				728	
					145,809
Unassigned Fund Balance					320,431
					687,810
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					(20,768)
Fund Balance Per Governmental Funds (GAAP)					\$ 667,042

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources		\$ 784	\$ 784	\$ 58	\$ (726)
State Sources	\$ 36,793	(20,575)	16,218	15,633	(585)
Federal Sources	128,132	18,648	146,780	140,773	(6,007)
TOTAL REVENUES	<u>\$ 164,925</u>	<u>\$ (1,143)</u>	<u>\$ 163,782</u>	<u>\$ 156,464</u>	<u>\$ (7,318)</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 10,436	\$ 585	\$ 11,021	\$ 10,436	\$ 585
Purchased Professional & Technical Services	3,692		3,692		3,692
General Supplies	27,695	18,782	46,477	45,751	726
Totals	<u>41,823</u>	<u>19,367</u>	<u>61,190</u>	<u>56,187</u>	<u>5,003</u>
Support Services:					
Personal Services Employee Benefits	2,087		2,087	2,087	
Other Purchased Professional Services	54,130	(21,160)	32,970	31,305	1,665
Tuition	64,953	650	65,603	64,953	650
Other Purchased Services	1,932		1,932	1,932	
Totals	<u>123,102</u>	<u>(20,510)</u>	<u>102,592</u>	<u>100,277</u>	<u>2,315</u>
TOTAL EXPENDITURES	<u>\$ 164,925</u>	<u>\$ (1,143)</u>	<u>\$ 163,782</u>	<u>\$ 156,464</u>	<u>\$ 7,318</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 5,794,353	\$ 156,464
<p>The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):</p>		
State Aid Receivable Prior Year	18,313	
State Aid Receivable Current Year	(20,768)	
Total Revenues (GAAP Basis)	\$ 5,791,898	\$ 156,464
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 5,996,377	\$ 156,464
Difference-Budget to GAAP:		
Insurance claim recovery for storm damages incurred is treated as "Other Financing Sources" and increases expenditures for GAAP purposes	18,228	
Total Expenditures (GAAP Basis)	\$ 6,014,605	\$ 156,464

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Rural Education Achievement Program	NCLB Title IIA	IDEA Basic	IDEA Pre School	NJ Non-Public 192/193	Municipal Alliance	Total
REVENUES							
Local Sources						\$ 58	\$ 58
State Sources					\$ 15,633		15,633
Federal Sources	\$ 45,693	\$ 14,455	\$ 76,282	\$ 4,343			140,773
TOTAL REVENUES	\$ 45,693	\$ 14,455	\$ 76,282	\$ 4,343	\$ 15,633	\$ 58	\$ 156,464
EXPENDITURES							
Instruction:							
Salaries		\$ 10,436					\$ 10,436
General Supplies	\$ 45,693					\$ 58	45,751
Totals	45,693	10,436	\$ -	\$ -	\$ -	58	56,187
Support Services:							
Personal Services Employee Benefits		2087					2,087
Other Purchased Professional Services			15,672		15,633		31,305
Tuition			60,610	4,343			64,953
Other Purchased Services		1932					1,932
Total	-	4,019	76,282	4,343	15,633	-	100,277
TOTAL EXPENDITURES	\$ 45,693	\$ 14,455	\$ 76,282	\$ 4,343	\$ 15,633	\$ 58	\$ 156,464

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Revenues and Other Financing Sources:	
Local Sources:	
Operating Transfer In	\$ 113
Total Revenues	<u>113</u>
Expenditures and Other Financing Uses:	
Prior Year Interest Income Reallocation	84
Capital Project Expenditures	<u>3,588</u>
Total Expenditures and Other Financing Uses:	<u>3,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,559)
Fund Balance-Beginning	<u>4,425</u>
Fund Balance-Ending	<u><u>\$ 866</u></u>
<u>Analysis of Fund Balance</u>	
Accumulated Project Income	\$ 866
Capital Project	<u>-</u>
Total Fund Balance	<u><u>\$ 866</u></u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-RENOVATIONS AND CONSTRUCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-SCC Grant	\$ 2,836,092		\$ 2,836,092	\$ 2,836,092
Local Sources:				
Bond Proceeds	8,244,000		8,244,000	8,244,000
Budget Transfer	531,146		531,146	531,146
Other Financing		\$ 113	113	113
Total Revenues	11,611,238	113	11,611,351	11,611,351
Expenditures and Other Financing Uses:				
Architect	637,158		637,158	
Legal Fees	83,532	3,588	87,120	
Construction Manager	421,752		421,752	
Fees & Permits	72,058		72,058	
Financing Fees	73,167		73,167	
Advertising	4,854		4,854	
Engineering & Quality Control	363,050		363,050	
Soft Costs-Architect & Construction Manager	44,011		44,011	
Demolition & Removal	18,975		18,975	
Historic Preservation Studies	14,568		14,568	
Cafeteria Equipment	15,842		15,842	
Miscellaneous Construction	85,632		85,632	
Library Partitions	9,367		9,367	
Lab Counters & Cabinets	1,617		1,617	
Storage Rentals	34,710		34,710	
Miscellaneous Other	33,353		33,353	
Construction:				
General	5,367,537		5,367,537	
Electrical	1,072,943		1,072,943	
HVAC	1,710,453		1,710,453	
Plumbing, Heating & Air Conditioning	597,908		597,908	
Structural Steel	490,361		490,361	
Boiler Replacement	227,314		227,314	
Asbestos Abatement	227,601		227,601	
Total Expenditures	11,607,763	3,588	11,611,351	11,611,351
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 3,475</u>	<u>\$ (3,475)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	SP1600050041000			
Bond Authorized Date	10/18/2004			
Bonds Authorized	\$ 11,080,205			
Bonds Issued	\$ 8,244,000			
Original Authorized Cost	\$ 11,080,205			
Additional Authorized Cost	\$ 531,146			
Revised Authorized Cost	\$ 11,611,351			
Percentage Complete	100.00%			

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF FUND NET POSITION
 ENTERPRISE FUND
 JUNE 30, 2013

	Food Service Fund	Pre K & K Wrap Program	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 6,136	\$ 36,816	\$ 42,952
Accounts Receivable:			
Intergovernment-Federal	1,690		1,690
Intergovernment-State	129		129
Inventories	4,016		4,016
Total Current Assets	<u>11,971</u>	<u>36,816</u>	<u>48,787</u>
Fixed Assets:			
Capital Assets	21,667		21,667
Accumulated Depreciation	11,126		11,126
Total Fixed Assets	<u>10,541</u>	<u>-</u>	<u>10,541</u>
Total Assets	<u>22,512</u>	<u>36,816</u>	<u>59,328</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,492		3,492
Unearned Revenues	1,716		1,716
Total Liabilities	<u>5,208</u>	<u>-</u>	<u>5,208</u>
NET POSITION			
Net Investment in Capital Assets	10,541		10,541
Unrestricted	<u>6,763</u>	<u>36,816</u>	<u>43,579</u>
TOTAL NET POSITION	<u>\$ 17,304</u>	<u>\$ 36,816</u>	<u>\$ 54,120</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 ENTERPRISE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Pre K & K Wrap Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 37,806		\$ 37,806
Daily Sales-Nonreimbursable Programs	18,501		18,501
Fees for Services		\$ 22,465	22,465
Total Operating Revenues	<u>56,307</u>	<u>22,465</u>	<u>78,772</u>
Operating Expenses:			
Costs of Sales	26,372		26,372
Salaries	16,982	21,941	38,923
Employee Benefits	2,686		2,686
Insurance	1,856		1,856
Management Fees	7,199		7,199
Other Purchased Services	2,762		2,762
General Supplies	4,573		4,573
Repairs and Maintenance	3,976		3,976
Depreciation	1,266		1,266
Miscellaneous	250		250
Total Operating Expenses	<u>67,922</u>	<u>21,941</u>	<u>89,863</u>
Operating Income (Loss)	<u>(11,615)</u>	<u>524</u>	<u>(11,091)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	641		641
Federal Sources:			
National School Lunch Program	8,284		8,284
Food Donation Program	3,784		3,784
Interest Earned on Investments	29		29
Total Nonoperating Revenues	<u>12,738</u>	<u>-</u>	<u>12,738</u>
Change in Net Position	1,123	524	1,647
Total Net Position, Beginning	<u>16,181</u>	<u>36,292</u>	<u>52,473</u>
Total Net Position, Ending	<u>\$ 17,304</u>	<u>\$ 36,816</u>	<u>\$ 54,120</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Pre K & K Wrap Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 56,307	\$ 24,040	\$ 80,347
Payments to Food Services Management Co	(53,367)		(53,367)
Payments to Vendors and Employees (Net)	(6,898)	(21,941)	(28,839)
Net Cash Provided by (Used For) Operating Activities	(3,958)	2,099	(1,859)
Cash Flows from Noncapital Financing Activities:			
Interfund Activity	(2,338)		(2,338)
Federal Sources	7,047		7,047
State Sources	550		550
Net Cash Provided by (Used For) Noncapital Financing Activities	5,259	-	5,259
Cash Flows from Investing Activities:			
Interest Earned on Investments	29	-	29
Cash Flows from Capital Financing Activities:			
Acquisition of Equipment	(7,120)		(7,120)
Net Cash Provided by (Used For) Capital Financing Activities	(7,120)	-	(7,120)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,790)	2,099	(3,691)
Cash and Cash Equivalents, July 1, 2012	11,926	34,717	46,643
Cash and Cash Equivalents, June 30, 2013	\$ 6,136	\$ 36,816	\$ 42,952
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (11,615)	\$ 524	\$ (11,091)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	1,266		1,266
(Increase) Decrease in Accounts Receivable	1,213	1,575	2,788
(Increase) Decrease in Inventory	(2,792)		(2,792)
Increase (Decrease) in Accounts Payable	3,492		3,492
Federal Food Donation Program	4,478		4,478
Net Cash Provided by (Used For) Operating Activities	\$ (3,958)	\$ 2,099	\$ (1,859)

FIDUCIARY FUND

DETAIL STATEMENTS

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 26,375	\$ 10,469	\$ 105,980	\$ 142,824
Due from Other Funds	5,161			5,161
TOTAL ASSETS	31,536	10,469	105,980	147,985
LIABILITIES				
Due to Other Funds	21,306		5,161	26,467
Due to Student Groups		10,469		10,469
Payroll Deductions & Withholdings			100,819	100,819
TOTAL LIABILITIES	21,306	10,469	105,980	137,755
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 10,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,230</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 8,964
Investment Earnings-Interest	79
Total Additions	<u>9,043</u>
DEDUCTIONS	
Unemployment Claims	<u>(12,999)</u>
Total Deductions	<u>(12,999)</u>
Other Financing Sources (Uses);	
Transfer in from the General Fund	<u>28,000</u>
Total Other Financing Sources (Uses)	<u>28,000</u>
Change in Net Position	24,044
Net Position, Beginning of the Year	<u>(13,814)</u>
Net Position, End of the Year	<u>\$ 10,230</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash and Cash Equivalents	\$ 8,052	\$ 38,168	\$ 35,751	\$ 10,469
TOTAL ASSETS	<u>\$ 8,052</u>	<u>\$ 38,168</u>	<u>\$ 35,751</u>	<u>\$ 10,469</u>
LIABILITIES				
Student Activities	\$ 8,052	\$ 38,168	\$ 35,751	\$ 10,469
TOTAL LIABILITIES	<u>\$ 8,052</u>	<u>\$ 38,168</u>	<u>\$ 35,751</u>	<u>\$ 10,469</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Balance 07/07/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash and Cash Equivalents	\$ 73,280	\$ 5,073,602	\$ 5,040,902	\$ 105,980
TOTAL ASSETS	<u>\$ 73,280</u>	<u>\$ 5,073,602</u>	<u>\$ 5,040,902</u>	<u>\$ 105,980</u>
LIABILITIES				
Due to Other Funds		\$ 8,024	\$ 2,863	\$ 5,161
Payroll Deductions & Withholdings	\$ 71,670	3,230,670	3,280,273	22,067
Summer Pay Account		77,112		77,112
Net Payroll	1,610	1,757,796	1,757,766	1,640
TOTAL LIABILITIES	<u>\$ 73,280</u>	<u>\$ 5,073,602</u>	<u>\$ 5,040,902</u>	<u>\$ 105,980</u>

LONG-TERM DEBT SCHEDULES

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13
			Date	Amount					
School Addition & Renovations	02/15/05	\$ 8,244,000	02/15/14	\$ 415,000	3.750%	\$ 6,634,000		\$ 5,789,000	\$ 845,000
			02/15/15	430,000	3.750%				
2013 Refunding of 2005 Issue	03/17/13	5,380,000	02/15/14	35,000	2.000%				
			02/15/15	10,000	2.000%				
			02/15/16	460,000	3.000%				
			02/15/17	475,000	3.000%				
			02/15/18	490,000	3.000%				
			02/15/19	505,000	3.000%				
			02/15/20	520,000	3.000%				
			02/15/21	535,000	3.000%				
			02/15/22	555,000	4.000%				
			02/15/23	575,000	4.000%				
			02/15/24	600,000	4.000%				
			02/15/25	620,000	4.000%				
						\$ 6,634,000	\$ 5,380,000	\$ 5,789,000	\$ 6,225,000

Analysis	
Bonds Refunded	\$ 5,389,000
Bonds Issued	\$ 5,380,000
Bonds Retired	400,000
	\$ 5,380,000
	\$ 5,789,000

FRANKLIN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2013

Purpose	Interest Rate Payable	Amount of Original Issue	Balance 07/01/12	Issued	Retired	Balance 06/30/13
Acquisition of 300 iPads	1.65%	\$ 167,400		\$ 167,400	\$ 56,563	\$ 110,837
			<u>\$ -</u>	<u>\$ 167,400</u>	<u>\$ 56,563</u>	<u>\$ 110,837</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 658,747		\$ 658,747	\$ 658,747	
Total Revenues	<u>658,747</u>	<u>\$ -</u>	<u>658,747</u>	<u>658,747</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	400,000		400,000	400,000	
Interest on Bonds	258,747		258,747	258,747	
Total Expenditures	<u>658,747</u>	<u>-</u>	<u>658,747</u>	<u>658,747</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>3,332</u>	<u>-</u>	<u>3,332</u>	<u>3,332</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,332</u>	<u>\$ -</u>	<u>\$ 3,332</u>	<u>\$ 3,332</u>	<u>\$ -</u>

STATISTICAL SECTION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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

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

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 2,105,554	\$ (5,996,298)	\$ (5,536,230)	\$ (5,363,491)	\$ (5,235,167)	\$ (4,767,606)	\$ (2,461,671)	\$ 5,214,736	\$ 6,342,655	\$ 6,561,217
Restricted		7,921,659	7,356,079	7,475,913	7,933,930	7,638,616	5,611,333	219,945	216,808	105,550
Unrestricted	122,622	150,711	432,228	962,824	830,099	417,806	84,905	212,350	364,836	242,654
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	<u>\$ 2,228,176</u>	<u>\$ 2,076,072</u>	<u>\$ 2,252,077</u>	<u>\$ 3,075,246</u>	<u>\$ 3,528,862</u>	<u>\$ 3,288,816</u>	<u>\$ 3,234,567</u>	<u>\$ 5,647,031</u>	<u>\$ 6,924,299</u>	<u>\$ 6,909,421</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 5,326	\$ 4,654	\$ 3,983	\$ 3,311	\$ 3,133	\$ 8,145	\$ 6,933	\$ 5,721	\$ 4,687	\$ 10,541
Unrestricted	9,121	11,231	9,654	15,809	22,325	25,379	26,620	30,599	47,786	43,579
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 14,447</u>	<u>\$ 15,885</u>	<u>\$ 13,637</u>	<u>\$ 19,120</u>	<u>\$ 25,458</u>	<u>\$ 33,524</u>	<u>\$ 33,553</u>	<u>\$ 36,320</u>	<u>\$ 52,473</u>	<u>\$ 54,120</u>
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 2,110,880	\$ (5,991,644)	\$ (5,532,247)	\$ (5,360,180)	\$ (5,232,034)	\$ (4,759,461)	\$ (2,454,738)	\$ 5,220,457	\$ 6,347,342	\$ 6,571,758
Restricted		7,921,659	7,356,079	7,475,913	7,933,930	7,638,616	5,611,333	219,945	216,808	105,550
Unrestricted	131,743	161,942	441,882	978,633	852,424	443,185	111,525	242,949	412,622	286,233
TOTAL DISTRICT-WIDE	<u>\$ 2,242,623</u>	<u>\$ 2,091,957</u>	<u>\$ 2,265,714</u>	<u>\$ 3,094,366</u>	<u>\$ 3,554,320</u>	<u>\$ 3,322,340</u>	<u>\$ 3,268,120</u>	<u>\$ 5,683,351</u>	<u>\$ 6,976,772</u>	<u>\$ 6,963,541</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 2,423,666	\$ 2,385,613	\$ 2,382,347	\$ 2,432,727	\$ 2,534,733	\$ 2,487,718	\$ 2,658,911	\$ 2,090,352	\$ 2,218,651	\$ 2,849,071
Special Education	667,968	638,560	648,913	773,387	795,417	849,882	741,575	870,187	824,142	842,105
Other Special Education	133,622	124,441	95,570	152,434	117,086	125,247	128,879	73,642	70,895	76,299
Other Instruction	58,800	26,983	22,336	18,287	24,055	32,507	25,710			2,487
Support Services:										
Tuition	88,784	240,794	284,311	270,255	313,554	358,864	409,983	299,914	277,380	306,290
Student & Instruction Related Services	445,131	556,185	574,500	601,534	606,321	614,849	717,299	668,054	622,515	685,155
General & Business Administrative Services	498,172	442,434	471,085	522,163	529,587	546,587	564,166	506,821	513,941	643,084
School Administration	106,405	118,072	117,101	125,925	108,648	111,183	42,560	95,215	76,015	76,598
Plant Operations & Maintenance	426,667	496,799	437,476	467,274	508,126	540,287	510,327	458,022	547,556	570,862
Pupil Transportation	226,857	299,983	354,282	398,657	407,501	431,765	440,502	347,574	370,143	312,120
Interest & Other Charges on Long-Term Debt		120,407	321,087	319,775	315,619	309,055	298,761	288,743	273,307	248,144
Total Governmental Activities Expenses	<u>5,076,072</u>	<u>5,450,271</u>	<u>5,709,008</u>	<u>6,082,418</u>	<u>6,260,647</u>	<u>6,407,944</u>	<u>6,538,673</u>	<u>5,698,524</u>	<u>5,794,545</u>	<u>6,612,215</u>
Business-Type Activities:										
Food Services	84,177	81,690	77,197	67,003	75,548	69,684	76,340	55,693	95,733	67,922
Pre K & K Wrap Program								12,121	16,013	21,941
Summer Program		7,934	9,997							
Total Business-Type Activities	<u>84,177</u>	<u>89,624</u>	<u>87,194</u>	<u>67,003</u>	<u>75,548</u>	<u>69,684</u>	<u>76,340</u>	<u>67,814</u>	<u>111,746</u>	<u>89,863</u>
TOTAL DISTRICT EXPENSES	<u>\$ 5,160,249</u>	<u>\$ 5,539,895</u>	<u>\$ 5,796,202</u>	<u>\$ 6,149,421</u>	<u>\$ 6,336,195</u>	<u>\$ 6,477,628</u>	<u>\$ 6,615,013</u>	<u>\$ 5,766,338</u>	<u>\$ 5,906,291</u>	<u>\$ 6,702,078</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PROGRAM REVENUES										
Governmental Activities:										
Operating Grants & Contributions	\$ 268,724	\$ 148,757	\$ 182,704	\$ 162,068	\$ 213,519	\$ 196,826	\$ 234,497	\$ 86,341	\$ 198,325	\$ 156,464
Total Governmental Activities Program Revenues	268,724	148,757	182,704	162,068	213,519	196,826	234,497	86,341	198,325	156,464
Business-Type Activities:										
Charges for Services:										
Food Service	86,373	75,837	71,715	68,445	76,537	67,745	63,730	42,869	63,578	56,307
Pre K & K Wrap Program								17,945	46,481	22,465
Summer Program		12,132	9,438							
Operating Grants & Contributions	2,326	3,006	3,565	3,699	4,603	9,986	12,639	9,767	18,278	12,709
Total Business-Type Activities Program Revenues	88,699	90,975	84,718	72,144	81,140	77,731	76,369	70,581	128,337	91,481
TOTAL DISTRICT-PROGRAM REVENUES	\$ 357,423	\$ 239,732	\$ 267,422	\$ 234,212	\$ 294,659	\$ 274,557	\$ 310,866	\$ 156,922	\$ 326,662	\$ 247,945
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (4,807,348)	\$ (5,301,514)	\$ (5,526,304)	\$ (5,920,350)	\$ (6,047,128)	\$ (6,211,118)	\$ (6,304,176)	\$ (5,612,183)	\$ (5,596,220)	\$ (6,455,751)
Business-Type Activities	4,522	1,351	(2,476)	5,141	5,592	8,047	29	2,767	16,591	1,618
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (4,802,826)	\$ (5,300,163)	\$ (5,528,780)	\$ (5,915,209)	\$ (6,041,536)	\$ (6,203,071)	\$ (6,304,147)	\$ (5,609,416)	\$ (5,579,629)	\$ (6,454,133)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 4,072,517	\$ 4,416,752	\$ 4,431,214	\$ 4,781,071	\$ 4,744,466	\$ 4,934,245	\$ 4,934,245	\$ 4,807,114	\$ 4,903,256	\$ 5,027,551
Taxes Levied for Debt Service			317,429	417,429	463,929	186,466	529,929	657,060	658,185	658,747
Unrestricted Grants & Contributions	586,819	614,530	684,010	820,791	862,235	719,247	733,353	568,415	714,120	753,265
State Capital Grant not Restricted		14,180		283,609				1,985,254	553,049	
Tuition Income	13,383								6,073	
Investment Earnings	6,023	88,954	251,755	425,398	381,194	117,180	23,957	3,337	8,743	5,416
Miscellaneous Income	10,351	14,994	15,897	15,221	48,920	13,934	28,443	3,467	26,423	5,666
Prior Year Accounts Receivable Cancelled	(8,062)									
Special Item-Insurance Claim Proceeds for Storm Damage										18,228
Operating Transfers									3,639	(28,000)
Gain (Loss) on Sale of Assets			2,004							
Total Governmental Activities	4,681,031	5,149,410	5,702,309	6,743,519	6,500,744	5,971,072	6,249,927	8,024,647	6,873,488	6,440,873

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings	\$ 4	\$ 87	\$ 228	\$ 342	\$ 341	\$ 19			\$ 144	\$ 29
Miscellaneous Income					405				3,057	
Operating Transfers									(3,639)	
Total Business-Type Activities	<u>4</u>	<u>87</u>	<u>228</u>	<u>342</u>	<u>746</u>	<u>19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(438)</u>	<u>29</u>
TOTAL DISTRICT-WIDE	<u>\$ 4,681,035</u>	<u>\$ 5,149,497</u>	<u>\$ 5,702,537</u>	<u>\$ 6,743,861</u>	<u>\$ 6,501,490</u>	<u>\$ 5,971,091</u>	<u>\$ 6,249,927</u>	<u>\$ 8,024,647</u>	<u>\$ 6,873,050</u>	<u>\$ 6,440,902</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ (126,317)	\$ (152,104)	\$ 176,005	\$ 823,169	\$ 453,616	\$ (240,046)	\$ (54,249)	\$ 2,412,464	\$ 1,277,268	\$ (14,878)
Business-Type Activities	4,526	1,438	(2,248)	5,483	6,338	8,066	29	2,767	16,153	1,647
TOTAL DISTRICT	<u>\$ (121,791)</u>	<u>\$ (150,666)</u>	<u>\$ 173,757</u>	<u>\$ 828,652</u>	<u>\$ 459,954</u>	<u>\$ (231,980)</u>	<u>\$ (54,220)</u>	<u>\$ 2,415,231</u>	<u>\$ 1,293,421</u>	<u>\$ (13,231)</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Restricted	\$ 23,701	\$ 31,064	\$ 37,381	\$ 96,613	\$ 191,554	\$ 124,959			\$ 62,167	\$ 120,218
Committed	1	1	1	1	1	1	\$ 1	\$ 1	210,001	101,352
Assigned	31,728	46,437	88,180	38,392	116,817	166,987	186,246	8,547	127,651	145,809
Unassigned	118,926	94,975	98,906	246,764	246,563	113,858	(9,571)	337,762	332,415	299,663
Total General Fund	\$ 174,356	\$ 172,477	\$ 224,468	\$ 381,770	\$ 554,935	\$ 405,805	\$ 176,676	\$ 346,310	\$ 732,234	\$ 667,042
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund		\$ 7,921,658	\$ 7,356,078	\$ 7,475,912	\$ 7,933,929	\$ 7,638,614	\$ 5,611,332	\$ 216,612	\$ 3,475	
Assigned, Reported In:										
Capital Projects Fund		73,175	304,663	708,904	403,761	147,249	47,028	3,332	950	\$ 866
Debt Service Fund									3,332	3,332
Total All Other Governmental Funds	\$ -	\$ 7,994,833	\$ 7,660,741	\$ 8,184,816	\$ 8,337,690	\$ 7,785,863	\$ 5,658,360	\$ 219,944	\$ 7,757	\$ 4,198

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Tax Levy	\$ 4,072,517	\$ 4,416,752	\$ 4,748,643	\$ 5,198,500	\$ 5,208,395	\$ 5,120,711	\$ 5,464,174	\$ 5,464,174	\$ 5,561,441	\$ 5,686,298
Tuition Changes	13,383								6,073	
Interest Earnings	6,023	88,954	251,755	425,398	381,194	117,180	23,957	3,337	8,743	5,416
Miscellaneous	6,801	10,004	18,397	15,221	49,794	14,852	28,992	3,511	26,468	5,724
State Sources	622,757	671,409	734,297	1,150,151	912,351	763,595	763,959	2,582,609	1,271,308	768,898
Federal Sources	239,105	106,058	132,417	116,317	162,529	151,560	203,342	57,357	194,141	140,773
Total Revenues	4,960,586	5,293,177	5,885,509	6,905,587	6,714,263	6,167,898	6,484,424	8,110,988	7,068,174	6,607,109
Expenditures:										
Instruction:										
Regular Instruction	1,843,981	1,761,575	1,730,935	1,773,541	1,780,282	1,818,037	2,004,162	1,529,447	1,508,190	1,785,923
Special Education Instruction	356,356	428,016	427,934	492,817	553,014	588,051	456,114	557,104	585,297	579,101
Other Special Instruction	98,960	87,922	81,303	124,794	73,011	86,438	90,257	46,409	46,643	46,930
Other Instruction	24,458	25,735	21,240	17,810	23,429	24,865	25,203			2,250
Support Services:										
Tuition	85,994	237,922	279,539	265,444	277,160	322,232	367,956	265,820	189,108	241,337
Student & Instruction Related Services	341,061	382,408	371,563	392,417	371,007	397,629	484,640	497,188	430,488	468,239
General Administration	299,552	250,951	241,805	277,822	300,633	329,970	303,698	244,670	267,257	279,314
School Administration Services	81,386	88,562	82,861	91,970	80,525	83,210	23,080	55,574	61,567	56,675
Central Services	131,775	130,087	136,621	131,212	130,412	140,987	141,035	136,457	117,415	220,052
Admin Information Technology		3,590	6,470		3,080	17,125	7,103	6,967		
Plant Operations & Maintenance	376,466	496,799	436,051	467,274	506,703	538,862	508,902	456,597	546,029	567,218
Pupil Transportation	226,857	299,983	354,282	398,657	407,501	431,765	440,502	347,574	370,143	312,120
Employee Benefits	591,683	612,725	614,592	587,831	643,091	681,059	703,065	775,132	695,983	723,532
On-Behalf TPAF Pension & Soc Sec Contributions	245,441	252,669	310,701	456,452	487,799	357,805	368,631	334,228	420,217	454,245
Capital Outlay	5,210		6,000	2,897					35,165	333,053
Capital Projects		336,522	565,580	163,775	73,129	295,315	2,027,282	7,379,974	766,186	3,672
Special Revenue Funds	275,043	148,757	182,704	162,068	213,519	196,826	234,497	86,341	198,325	156,464
Debt Service:										
Principal				100,000	150,000	250,000	355,000	370,000	385,000	400,000
Interest & Other Charges			317,429	317,429	313,929	308,679	299,929	290,288	275,063	282,183
Total Expenditures	4,984,223	5,544,223	6,167,610	6,224,210	6,388,224	6,868,855	8,841,056	13,379,770	6,898,076	6,912,308
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(23,637)	(251,046)	(282,101)	681,377	326,039	(700,957)	(2,356,632)	(5,268,782)	170,098	(305,199)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)										167,400
Proceeds from Bond Issue		8,244,000								5,380,000
Payment to Refunding Bond Escrow Agent										(5,788,917)
Premium on Bond Issue										487,737
Special Item-Insurance Claim Proceeds for Storm Damage										18,228
Transfers In (Out)									3,639	(28,000)
Total Other Financing Sources (Uses)	-	8,244,000	-	-	-	-	-	-	3,639	236,448
Net Change in Fund Balances	\$ (23,637)	\$ 7,992,954	\$ (282,101)	\$ 681,377	\$ 326,039	\$ (700,957)	\$ (2,356,632)	\$ (5,268,782)	\$ 173,737	\$ (68,751)
Debt Service as a Percentage of Non-capital Expenditures										
	0.00%	0.00%	6.01%	7.40%	7.93%	9.29%	10.63%	12.37%	12.14%	11.58%

Source: District Records

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

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

Description	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Interest Income	\$ 6,023	\$ 15,799	\$ 20,267	\$ 21,157	\$ 15,191	\$ 1,479	\$ 338	\$ 5	\$ 7,793	\$ 5,416
Tuition	13,383								6,073	
Building Use Fees/Land Rent	910	579	400	430	400	800		1,200	800	
Benefit Reimbursements							11,589			
Prior Year Refunds	3,024			11,815	31,268	264	1,981	1,160	878	
Photo Commissions	1,332	1,283	1,762	2,287	3,234	1,402	643			
Vending Machine Commissions					60					
Outstanding Checks Voided		105	381	150			12,583			
Book Fines				5	98	175		180	18	
Accounts Payable Cancelled	589	7,835	13,133		13,077	3,597			530	5,313
Donations		166		205	354	192		900	300	
Miscellaneous Other	156	16	221	169	280	3,015	487	13	19	353
Miscellaneous Refunds	790								160	
Copy Fees				160	149	90		14	8	
Property Damage Recovery						4,399				
Sale of Scrap Metal									321	
Fund 20 Adjustment									23,389	
Sale of Surplus Equipment			2,500							
Annual Totals	\$ 26,207	\$ 25,783	\$ 38,664	\$ 36,378	\$ 64,111	\$ 15,413	\$ 27,621	\$ 3,472	\$ 40,289	\$ 11,082

Source: District Records

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacant Land	\$ 6,038,927	\$ 8,714,400	\$ 6,760,100	\$ 6,839,800	\$ 6,368,400	\$ 5,601,000	\$ 6,663,200	\$ 5,265,200	\$ 5,138,600	\$ 4,176,400
Residential	358,422,200	359,765,100	367,051,600	376,527,500	377,968,800	379,994,200	393,200,000	389,984,000	383,115,900	383,146,300
Farm Regular	110,173,300	110,437,600	112,912,500	115,173,900	118,769,600	122,033,500	111,936,100	113,262,700	105,795,900	107,188,300
Qualified Farm	5,087,070	4,184,687	4,188,743	4,178,822	4,278,739	4,256,600	3,983,138	4,106,718	4,108,204	4,096,225
Commercial	35,114,800	39,024,100	39,060,500	38,788,000	38,588,100	38,588,100	38,203,700	38,189,100	38,119,400	37,179,300
Industrial	4,314,400	3,712,400	3,712,400	3,712,400	2,308,800	2,308,800	2,308,800	2,340,800	2,328,900	2,328,900
Apartment	1,253,800	1,246,700	1,246,700	1,113,400	1,113,400	1,086,500	1,086,500	1,086,500	1,000,800	1,000,800
Total Assessed Value	520,404,497	527,084,987	534,932,543	546,333,822	549,395,839	553,868,700	557,381,438	554,235,018	539,607,704	539,116,225
Public Utilities (a)	1,188,265	1,163,976	1,044,552	977,880	2,270,558	2,142,266	2,359,287	2,488,136	2,520,284	2,523,005
Net Valuation Taxable	\$ 521,592,762	\$ 528,248,963	\$ 535,977,095	\$ 547,311,702	\$ 551,666,397	\$ 556,010,966	\$ 559,740,725	\$ 556,723,154	\$ 542,127,988	\$ 541,639,230
Estimated Actual County Equalized Value	\$ 518,591,821	\$ 550,516,596	\$ 623,505,922	\$ 681,514,191	\$ 660,805,182	\$ 608,066,057	\$ 604,342,764	\$ 579,859,550	\$ 578,269,854	\$ 555,641,393
Percentage of Net Valuations to Estimated Actual County Equalized Value	100.58%	95.96%	85.96%	80.31%	83.48%	91.44%	92.62%	96.01%	93.75%	97.48%
Total Direct School Tax Rate (b)	\$ 0.81	\$ 0.87	\$ 0.93	\$ 0.95	\$ 0.94	\$ 0.93	\$ 0.98	\$ 0.98	\$ 1.04	\$ 1.04

Source: Municipal Tax Assessor

NOTE Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

(b) Tax rates are per \$100

* Revalued/Reassessed

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

Assessment Year	School District Direct Rate			Regional School Debt	Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	Fire District	
2004	\$ 0.81		\$ 0.81	\$ 0.47	\$ 0.32	\$ 0.41	\$ 0.04	\$ 2.05
2005	0.87		0.87	0.51	0.31	0.37	0.05	2.11
2006	0.87	\$ 0.06	0.93	0.57	0.31	0.41	0.05	2.27
2007	0.87	0.08	0.95	0.60	0.31	0.42	0.05	2.33
2008	0.88	0.06	0.94	0.62	0.31	0.40	0.05	2.32
2009	0.89	0.04	0.93	0.59	0.31	0.38	0.05	2.26
2010	0.87	0.11	0.98	0.57	0.31	0.37	0.05	2.28
2011	0.86	0.12	0.98	0.60	0.31	0.36	0.05	2.30
2012	0.92	0.12	1.04	0.64	0.31	0.38	0.05	2.42
2013	0.94	0.10	1.04	0.63	0.31	0.38	0.06	2.42

Sources: Municipal Tax Collector

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

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

(b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

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

	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
National Project Resources	\$ 20,000,000	1	3.69%	\$ 16,000,000	1	3.07%
Inn Clinton LLC	7,000,000	2	1.29%	7,000,000	2	1.34%
AT & T Communications	2,531,200	3	0.47%	3,125,000	3	0.60%
Individual Property Owner	2,469,800	4	0.46%	1,826,000	4	0.35%
Individual Property Owner	2,218,890	5	0.41%	1,676,939	7	0.32%
Individual Property Owner	1,874,927	6	0.35%	1,544,500	8	0.30%
Individual Property Owner	1,652,534	7	0.31%	1,497,718	9	0.29%
Individual Property Owner	1,532,000	8	0.28%			
Individual Property Owner	1,427,100	9	0.26%			
Individual Property Owner	1,374,635	10	0.25%			
Hunterdon Transformer				1,697,100	5	0.33%
Hunterdon Transformer				1,680,800	6	0.32%
Hunterdon Holding LLC				1,434,987	10	0.28%
	<u>\$ 42,081,086</u>		<u>7.77%</u>	<u>\$ 37,483,044</u>		<u>7.19%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2003	\$ 10,344,458	\$ 10,183,781	98.45%
2004	10,895,776	10,709,228	98.29%
2005	11,253,819	11,142,134	99.01%
2006	12,327,111	12,184,562	98.84%
2007	12,872,150	12,700,519	98.67%
2008	12,922,328	12,747,681	98.65%
2009	12,669,229	12,434,926	98.15%
2010	12,756,097	12,556,691	98.44%
2011	12,808,841	12,675,391	98.96%
2012	13,129,128	12,844,413	97.83%

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

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

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

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	N/A					N/A		
2005	\$ 8,244,000					\$ 8,244,000	4.43%	\$ 2,664
2006	8,244,000					8,244,000	4.42%	2,647
2007	8,144,000					8,144,000	4.04%	2,612
2008	7,994,000					7,994,000	3.74%	2,555
2009	7,744,000					7,744,000	3.42%	2,385
2010	7,389,000					7,389,000	3.46%	2,278
2011	7,019,000					7,019,000	3.28%	2,197
2012	6,634,000					6,634,000	3.07%	2,081
2013	6,225,000		\$ 110,837			6,335,837	N/A	2,026

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

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

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	N/A		N/A	N/A	N/A
2005	\$ 8,244,000		\$ 8,244,000	1.56%	\$ 2,647
2006	8,244,000		8,244,000	1.54%	2,644
2007	8,144,000		8,144,000	1.49%	2,603
2008	7,994,000		7,994,000	1.45%	2,462
2009	7,744,000		7,744,000	1.39%	2,388
2010	7,389,000		7,389,000	1.32%	2,313
2011	7,019,000		7,019,000	1.26%	2,202
2012	6,634,000		6,634,000	1.22%	2,122
2013	6,225,000		6,225,000	1.15%	1,991

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

- (a) See Exhibit NJ J-6 for property tax data.
- (b) Population data can be found in Exhibit NJ J-14.
- * Revalued/Reassessed

FRANKLIN TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 2,427,968	100.00%	\$ 2,427,968
Regional High School	3,440,000	6.73%	231,575
County General Obligation Debt	69,903,571	2.59%	<u>1,810,502</u>
Subtotal, Overlapping Debt			4,470,045
School District Direct Debt			<u>6,634,113</u>
Total Direct and Overlapping Debt			<u><u>\$ 11,104,158</u></u>

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

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized Valuation Basis		
	2012	\$ 553,557,349
	2011	591,184,019
	2010	<u>580,545,191</u>
		<u>\$ 1,725,286,559</u>
Average Equalized Valuation of Taxable Property		<u>\$ 575,095,520</u>
Debt Limit (3.0% of Average Equalization Value)	\$	17,252,866 (a)
Total Net Debt Applicable to Limit		<u>6,225,000</u>
Legal Debt Margin	\$	<u>11,027,866</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 12,853,108	\$ 14,289,536	\$ 15,673,991	\$ 17,272,839	\$ 18,639,496	\$ 19,301,004	\$ 18,999,516	\$ 18,146,421	\$ 17,697,304	\$ 17,252,866
Total Net Debt Applicable	<u>-</u>	<u>11,066,025</u>	<u>11,066,025</u>	<u>10,682,415</u>	<u>10,532,415</u>	<u>10,282,415</u>	<u>9,927,415</u>	<u>7,572,162</u>	<u>6,761,747</u>	<u>6,225,000</u>
Legal Debt Margin	<u>\$ 12,853,108</u>	<u>\$ 3,223,511</u>	<u>\$ 4,607,966</u>	<u>\$ 6,590,424</u>	<u>\$ 8,107,081</u>	<u>\$ 9,018,589</u>	<u>\$ 9,072,101</u>	<u>\$ 10,574,259</u>	<u>\$ 10,935,557</u>	<u>\$ 11,027,866</u>
Total Net Debt Applicable to the Limit as a Percent- age of Debt Limit	0.00%	77.44%	70.60%	61.85%	56.51%	53.27%	52.25%	41.73%	38.21%	36.08%

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

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

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2004	3,095	\$ 186,192,105	\$ 60,159	3.6%
2005	3,115	186,526,200	59,880	3.6%
2006	3,118	201,690,948	64,686	4.0%
2007	3,129	213,986,052	68,388	3.5%
2008	3,247	226,533,449	69,767	4.5%
2009	3,243	213,275,895	65,765	8.2%
2010	3,195	214,234,335	67,053	8.4%
2011	3,188	215,859,480	67,710	8.2%
2012	3,127	N/A	N/A	8.5%
2013	N/A	N/A	N/A	N/A

Sources:

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- (c) Per Capita Personal Income by County Estimated Based Upon the 2010 Census Published by the US Bureau of Economic Analysis.
- (d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:										
Regular	29.5	28.1	26.5	25.8	22.7	21.1	21.1	19.6	19.2	20.8
Special Education	4.0	4.0	4.0	4.9	6.3	6.2	6.2	5.6	6.8	5.6
Other Special Education	8.4	9.0	8.5	7.7	7.8	12.0	10.0	7.8	8.5	11.7
Vocational										
Other Instruction-Aides										3.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	8.6	6.9	7.0	8.8	8.7	8.7	8.7	7.1	3.4	3.4
General Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9	1.7	2.0
School Administration Services	1.5	1.7	1.7	1.7	1.7	1.7	1.7	0.7	1.0	1.0
Other Administrative Services	2.0									
Central Services		2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.1
Administrative Information Technology										
Plant Operations and Maintenance	3.5									
Pupil Transportation										
Other Support Services										2.0
Special Schools										
Food Service									0.3	0.3
Child Care									0.5	0.5
Total	59.5	53.7	51.7	52.9	51.2	53.7	51.7	44.7	42.4	51.4

Sources: District Personnel Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	406	\$ 4,979,013	\$ 12,264	7.17%	31.5	1 to 12.89	406.2	398.8	4.93%	98.18%
2005	398	5,207,701	13,085	6.70%	31.2	1 to 12.76	398.0	379.9	-2.02%	95.45%
2006	376	5,278,601	14,039	7.29%	31.1	1 to 12.09	377.5	355.0	-5.15%	94.04%
2007	354	5,640,109	15,933	13.49%	38.8	1 to 9.12	352.6	337.9	-6.60%	95.83%
2008	347	5,851,166	16,862	5.83%	39.4	1 to 8.81	346.9	332.0	-1.62%	95.70%
2009	343	6,014,861	17,536	4.00%	39.0	1 to 8.80	343.0	329.1	-1.12%	95.95%
2010	341	6,158,845	18,061	2.99%	41.0	1 to 10.80	340.7	326.7	-0.67%	95.89%
2011	309	5,339,508	17,280	-4.33%	27.0	1 to 11.44	304.2	291.0	-10.71%	95.66%
2012	305	5,436,662	17,825	3.15%	27.5	1 to 11.09	296.9	286.1	-2.40%	96.36%
2013	293	5,893,400	20,114	12.84%	26.4	1 to 11.09	283.8	272.7	-4.41%	96.09%

Source: District Records

- (a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.
- (b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.
- (c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Elementary (1936)</u>										
Square Feet	52,142	52,142	52,142	52,142	52,142	52,142	52,142	52,142	71,296	71,296
Capacity (Students)	346	346	346	346	346	346	346	346	446	448
Enrollment	406	398	377	354	347	343	341	309	305	293
<u>Other-Temporary Trailer</u>										
Square Feet	480	480								
Number of Schools at June 30, 2013:										
Elementary	1									
Middle School	0									
High School	0									
Other	0									

District Facilities Office

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Amount</u>	<u>Total</u>
2004	\$ 59,293	\$ 59,293
2005	50,701	50,701
2006	27,551	27,551
2007	49,283	49,283
2008	42,264	42,264
2009	90,647	90,647
2010	62,758	62,758
2011	38,025	38,025
2012	68,662	68,662
2013	53,294	53,294
	<hr/>	<hr/>
Total School Facilities	<u>\$ 542,478</u>	<u>\$ 542,478</u>

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

Source: District Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund Coverage:		
Property Loss or Damage, Any One Loss or Disaster (Group Policy Limit)	\$ 250,000,000	\$ 1,000
General and Auto Liability Coverage	5,000,000	1,000
Workers Compensation:		
Bodily Injury by Accident or Disease Per Accident, Employee & Policy Limit	250,000	
Blanket Dishonesty Bond:		
Per Loss	500,000	1,000
School Board Legal Liability:		
Per Occurrence	5,000,000	5,000
Public Employees' Faithful Performance- Selective Insurance:		
Treasurer of School Monies	155,000	
School Board Secretary	155,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

November 25, 2013

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Township School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated November 25, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

November 25, 2013

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Franklin Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2013. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 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 of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 04-04**

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated November 25, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2013			
					(Acct Rec) Unearned Rev	Carryover Amount					Accounts Receivable	Unearned Revenue	Due to Grantor	
US Department of Education Passed Through State Department of Education:														
Special Revenue Fund:														
NCLB Title II A	84.367A	NCLB-160013	\$ 14,455	9/01/2012-8/31/2013			\$ 14,455	\$ 14,455						
NCLB Title II A	84.367A	NCLB-160012	19,352	9/01/2011-8/31/2012	\$ (7,102)		7,102							
NCLB Title III	84.365A	NCLB-160012	252	9/01/2011-8/31/2012	(252)		252							
ARRA IDEA Basic	84.391	ARRA-160010	97,994	9/01/2009-8/31/2011	(9,813)						\$ (9,813)			
IDEA Basic	84.027	IDEA-160013	81,639	9/01/2012-8/31/2013			61,610	76,282			(20,029)	\$ 5,357		
IDEA Basic	84.027	IDEA-160012	130,912	9/01/2011-8/31/2012	(106,095)		106,095							
IDEA Pre School	84.173	IDEA-160013	4,343	9/01/2012-8/31/2013			4,343	4,343						
IDEA Pre School	84.173	IDEA-160012	4,570	9/01/2011-8/31/2012	(4,570)		4,570							
IDEA Pre School	84.173	IDEA-160009	4,549	9/01/2008-8/31/2009	650							650		
Rural Education Achievement Program	84.358A	S358A-112489	32,948	7/01/2011-9/30/2012	(9,361)		27,359	17,998						
Rural Education Achievement Program	84.358A	S358A-102489	27,695	7/01/2012-9/30/2013			27,695	27,695						
Total Special Revenue Fund					(136,543)	\$ -	253,481	140,773	\$ -	\$ -	(29,842)	6,007	\$ -	
US Department of Agriculture Passed Through State Department of Education:														
Enterprise Fund:														
Special Milk Program	10.556	N/A	341	7/01/2011-6/30/2012	(17)		17							
Food Donation Program	10.555	N/A	8,722	7/01/2011-6/30/2012	1,022			1,022						
Food Donation Program	10.555	N/A	4,478	7/01/2012-6/30/2013			4,478	2,762				1,716		
National School Lunch Program	10.555	N/A	8,652	7/01/2011-6/30/2012	(436)		436							
National School Lunch Program	10.555	N/A	8,284	7/01/2012-6/30/2013			6,594	8,284			(1,690)			
Total Enterprise Fund					569	-	11,525	12,068	-	-	(1,690)	1,716	-	
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (135,974)	\$ -	\$ 265,006	\$ 152,841	\$ -	\$ -	\$ (31,532)	\$ 7,723	\$ -	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash Received	Budgetary Expenditure	Repay of Prior Year Balance	Balance June 30, 2013			Memo	
				6/30/2012 (Acct Rec) Unearned Rev				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education												
General Fund												
Special Education Aid	12-495-034	\$ 183,003	7/01/2011-									
	-5120-089		6/30/2012	\$ (16,859)	\$ 16,859							
Special Education Aid	13-495-034	186,834	7/01/2012-									
	-5120-089		6/30/2013		170,040	\$ 186,834		\$ (16,794)			\$ (16,794)	\$ 186,834
Security Aid	12-495-034	15,780	7/01/2011-									
	-5120-084		6/30/2012	(1,454)	1,454							
Security Aid	13-495-034	16,527	7/01/2012-									
	-5120-084		6/30/2013		15,041	16,527		(1,486)			(1,486)	16,527
Transportation Aid	13-495-034	27,683	7/01/2012-									
	-5120-014		6/30/2013		25,195	27,683		(2,488)			(2,488)	27,683
Extraordinary Special Education Cost Aid	12-100-034	94,567	7/01/2011-									
	-5120-473		6/30/2012	(94,567)	94,567							
Extraordinary Special Education Cost Aid	13-100-034	61,557	7/01/2012-									
	-5120-473		6/30/2013			61,557		(61,557)			(61,557)	61,557
Nonpublic Remote Transportation Aid	12-495-034	6,071	7/01/2011-									
	-5120-014		6/30/2012	(6,071)	6,071							
Nonpublic Remote Transportation Aid	13-495-034	8,874	7/01/2012-									
	-5120-014		6/30/2013			8,874		(8,874)			(8,874)	8,874
On-Behalf TPAF Pension Contribution- Teachers' Pension and Annuity Fund	13-495-034	136,924	7/01/2012-									
	-5095-006		6/30/2013		136,924	136,924						136,924
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	13-495-034	7,204	7/01/2012-									
	-5095-007		6/30/2013		7,204	7,204						7,204
On-Behalf TPAF Pension Contribution- Post Retirement Medical	13-495-034	162,974	7/01/2012-									
	-5095-001		6/30/2013		162,974	162,974						162,974
Reimbursement TPAF Social Security Contribution	13-495-034	147,143	7/01/2012-									
	-5095-002		6/30/2013		147,143	147,143						147,143
Total General Fund				<u>(118,951)</u>	<u>783,472</u>	<u>755,720</u>	<u>\$ -</u>	<u>(91,199)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(91,199)</u>	<u>755,720</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2012 (Acct Rec) Unearned Rev	Cash Received	Budgetary Expenditure	Repay of Prior Year Balance	Balance June 30, 2013			Memo	
								Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<u>State Department of Education</u>												
Special Revenue Fund:												
Teacher Quality Mentoring	06-495-034 -5120-052	\$ 585	7/01/2005- 6/30/2006	\$ 585					\$ 585			
NJ Nonpublic Aid:												
Examination & Classification	12-100-034 -5120-066	9,340	7/01/2011- 6/30/2012	3,976			\$ 3,976					
Examination & Classification	13-100-034 -5120-066	7,166	7/01/2012- 6/30/2013		\$ 7,166	\$ 4,642			\$ 2,524		\$ 4,642	
Supplementary Instruction	12-100-034 -5120-066	140	7/01/2011- 6/30/2012	140			140					
Supplementary Instruction	13-100-034 -5120-066	5,551	7/01/2012- 6/30/2013		5,551	3,648			1,903		3,648	
Corrective Speech	12-100-034 -5120-066	4,739	7/01/2011- 6/30/2012	2,212			2,212					
Corrective Speech	13-100-034 -5120-066	7,343	7/01/2012- 6/30/2013		7,343	7,343					7,343	
English as a Secondary Language	13-100-034 -5120-066	853	7/01/2012- 6/30/2013		853				853			
Non Public Nursing	13-100-034 -5120-070	7,994	7/01/2012- 6/30/2013		7,994				7,994			
Non Public-Technology Initiative	13-100-034 -5120-373	2,126	7/01/2012- 6/30/2013		2,126				2,126			
Textbook Aid	13-100-034 -5120-064	5,760	7/01/2012- 6/30/2013		5,760				5,760			
Textbook Aid	12-100-034 -5120-064	5,768	7/01/2011- 6/30/2012	5,219			5,219					
Total Special Revenue Fund				<u>12,132</u>	<u>36,793</u>	<u>15,633</u>	<u>11,547</u>	<u>\$ -</u>	<u>585</u>	<u>21,160</u>	<u>\$ -</u>	<u>15,633</u>
<u>State Department of Agriculture</u>												
Enterprise Fund:												
State School Lunch Program	12-100-010 -3350-023	825	7/01/2011- 6/30/2012	(38)	38							
State School Lunch Program	13-100-010 -3350-023	641	7/01/2012- 6/30/2013		512	641		(129)				
Total Enterprise Fund				<u>(38)</u>	<u>550</u>	<u>641</u>	<u>-</u>	<u>(129)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>School Development Authority</u>												
Capital Projects Fund:												
Franklin Twp Elementary School	1600-050 04-1000	2,836,092	N/A	(127,634)	127,634							
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (234,491)</u>	<u>\$ 948,449</u>	<u>\$ 771,994</u>	<u>\$ 11,547</u>	<u>\$ (91,328)</u>	<u>\$ 585</u>	<u>\$ 21,160</u>	<u>\$ (91,199)</u>	<u>\$ 771,353</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,455) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 753,265	\$ 753,265
Special Revenue Fund	\$ 140,773	15,633	156,406
Food Service Fund	<u>12,068</u>	<u>641</u>	<u>12,709</u>
	<u>\$ 152,841</u>	<u>\$ 769,539</u>	<u>\$ 922,380</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2013. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

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

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

Noncompliance Material to General Purpose Financial Statements Noted? Yes X No

Federal Awards NOT APPLICABLE

Internal Control Over Major Programs:

1. Material weakness (es) identified? Yes No

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

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

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133 Yes No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
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NOT APPLICABLE – NONE OVER \$300,000

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

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

Auditee qualified as a low-risk auditee _____ Yes _____ No

State Awards

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

Auditee Qualified as low-risk auditee X Yes _____ No

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

Internal Control Over Major Programs:
1. Material weakness (es) identified? _____ Yes X No

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

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

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
13-495-034-5095-002	\$ 147,143	Reimbursement TPAF Social Security
13-495-034-5120-089	186,834	Special Education Aid

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2013.

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

There were no findings or questioned costs for the year ended June 30, 2013.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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There were no prior year findings or questioned costs.