

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

OF THE

FRANKLIN TOWNSHIP BOARD OF EDUCATION
WASHINGTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

FRANKLIN TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION

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INTRODUCTORY SECTION



November 6, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Franklin Township School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations", and New Jersey OMB's Circular 15-08, "Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's reports on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Franklin Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Franklin Township Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6 as well as special education. The district completed the 2014/2015 fiscal year with an enrollment of 233.1 students, which is a -7.1% decrease over the previous year's enrollment. The following details the changes in the 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>
2005/2006	384.0	0.5%
2006/2007	395.0	2.9%
2007/2008	348.0	-11.9%
2008/2009	340.8	-2.1%
2009/2010	318.0	-9.8%
2010/2011	294.3	-7.5%
2011/2012	287.2	-2.4%
2012/2013	271.3	-5.5%
2013/2014	250.9	-7.5%
2014/2015	233.1	-7.1%

2. ECONOMIC CONDITION AND OUTLOOK: Beginning in the 2007-2008 school year, Franklin Township has experienced steady decline in enrollment. This decline is a result of many factors, including but not limited to: 1) poor real estate market, resulting in the retention of homes for a longer period of time and students aging-out of the elementary school, 2) ongoing expansion of open-space acquisitions, resulting in less property available for development, and 3) five-acre zoning requirements, resulting in greater costs for new construction, compared to less restrictive requirements. With the steady decline in home values and sustained low mortgage rates, however, we are starting to see movement in the real estate market that should have a positive impact on enrollment. Our projections for the 2015-2016 school year actually show a very small increase in enrollment. The Township of Franklin has benefited financially from the decline in enrollment, as staffing needs have declined with the decline in enrollment. Even with the small upturn in enrollment, we do not see a need for an increase in staffing in the foreseeable future.

3. MAJOR INITIATIVES: In the category of "Major Initiatives", the 2014-2015 school year saw the completion of the "Franklin Reading Project", an in-house collaborative professional development program. (The focus of in-house training for 2015-2016 will be on classroom management.) Our preschool students were provided with a new playground system designed for the needs of our smaller students. We have also continued on with the replacement of distressed ceiling systems in our 100 wing and the installation of LED lighting. Our technology program took some large leaps forward, with the opening of a new, user-friendly website, the purchase of approximately 100 tablets for student and teacher use, and the replacement of an obsolete server. Our technology program also served us very well for the first session of the new online PARCC testing through the State of New Jersey, presenting only the most minimal of obstacles.

4. INTERNAL ACCOUNT CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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

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

The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2015, and the amount of percentage of increases (decreases) in relation to prior year revenues.

Revenues	Amount	% of Total	Increase (Decrease) from 2014	% of Increase (Decrease)
Local Sources:				
Tax Levy	\$3,718,722	67.85%	(28,788)	-0.77%
Debt Service	244,238	4.46%	(5,225)	-2.09%
Other Revenues	82,356	1.50%	5,987	7.84%

State Aid	1,330,483	24.28%	73,999	5.89%
Federal Aid	104,757	1.91%	(684)	-0.65%
TOTAL:	<u>\$5,480,556</u>	<u>100.00%</u>	<u>45,299</u>	<u>0.83%</u>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015 and the percentage of increases (decreases) in relation to prior year amounts.

Expenditures	Amount	% of Total	Increase (Decrease) from 2014	% of Increase (Decrease)
General Fund:				
Current Expense	\$4,878,797	92.66%	(94,152)	-1.89%
Capital Outlay	33,745	0.64%	17,469	107.33%
Special Projects	108,337	2.06%	2,430	2.29%
Debt Service:				
Principle	190,000	3.61%	-----	0.00%
Interest	54,238	1.03%	(5,225)	-8.79%
TOTAL:	<u>\$5,265,117</u>	<u>100.00%</u>	<u>(79,478)</u>	<u>-1.49%</u>

Note: Excludes lease purchase acquisitions and capital projects.

8. DEBT ADMINISTRATION: At June 30, 2015, the District's outstanding debt issue was \$1,115,000 issued in February 2010 for the refunding of the 2001 bond issue.

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

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

11. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board’s audit committee selected the accounting firm of William Colantano, CPA. In addition to meeting the requirements set forth in statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and New Jersey OMB’s Circular 15-08. The auditor’s report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

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

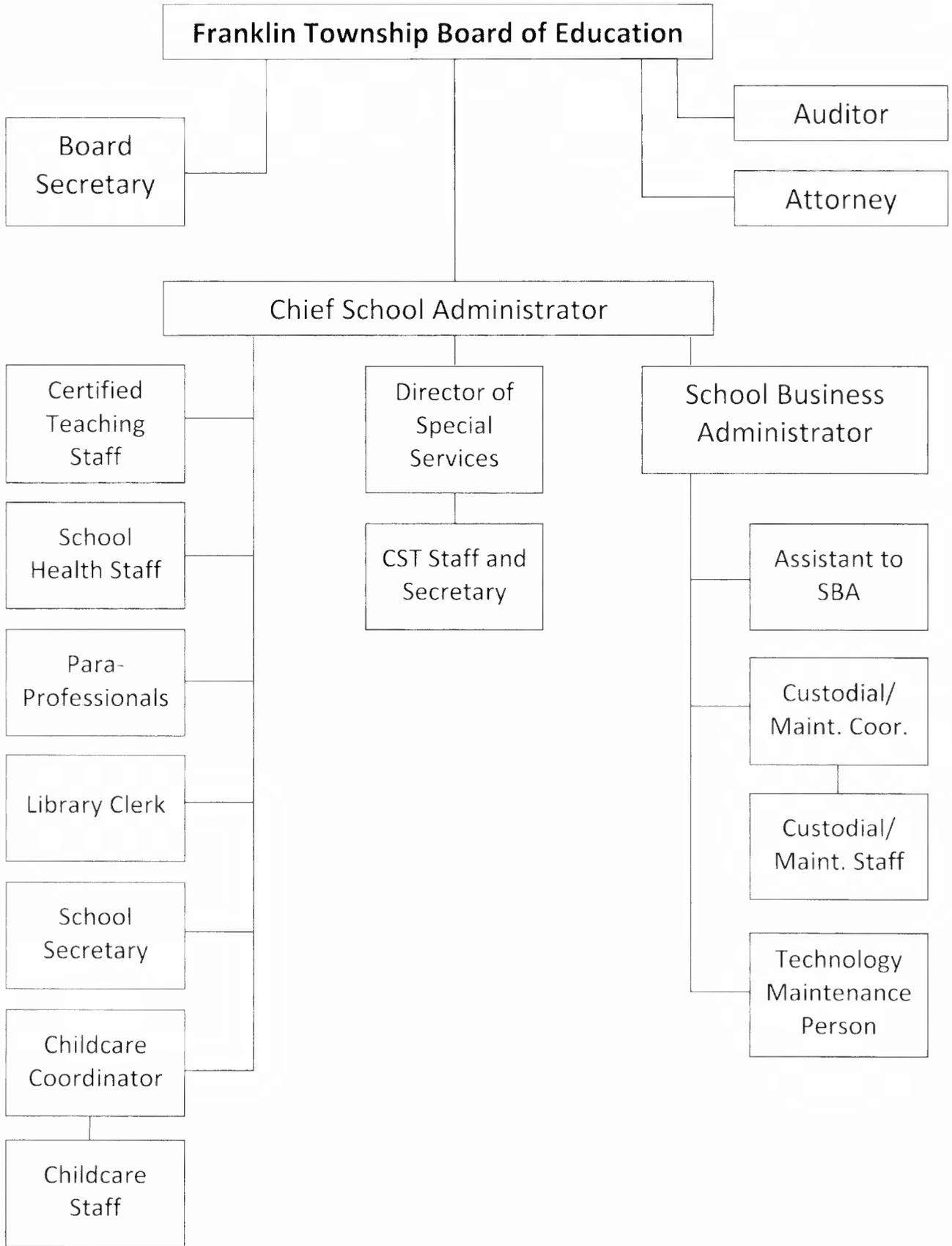
Respectfully Submitted,



Matthew Eagleburger
Chief School Administrator



Tim Duryea
School Business Administrator/Board Secretary



**Franklin Township School District
Washington, NJ**

**Roster of Officials
June 30, 2015**

Members of the Board of Education

Term Expires

Jeannene Butler	President	2015
Jean Hansen	Vice President	2017
Elizabeth Ames		2016
Mark Blaszk		2017
Rudolph DiGilio		2015
Kevin Klus		2016
Renee Hart		2017
David Orban		2015
Charles Roberto		2015

Other Officials

Matthew Eagleburger	Chief School Administrator
Timothy Duryea	School Business Administrator/Board Secretary
James Miller	Treasurer
Swartz, Simon, Edelstien, & Celso, LLP	Solicitor

**Franklin Township School
Board of Education**

Consultants and Advisors

Audit Firm

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

Attorney

Swartz, Simon, Edelstein, and Celso, LLP
44 Whippany Road
Morristown, NJ 07962

Official Depository

Investors Bank
101 JFK Parkway
Short Hills, NJ 07078

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

November 6, 2015

Honorable President and
Members of the Board of Education
Franklin Township School District
County of Warren, 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 Warren, as of and for the year ended June 30, 2015, 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, 2015, 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 15-08 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 15-08 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 15-08 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 6, 2015 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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP**

11.0

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The discussion and analysis of Franklin Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ◆ In total, net position increased \$338,460 which represents a 15.03 percent increase from 2014.
- ◆ General revenues accounted for \$5,927,709 revenue or 95.30 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$292,081 or 4.70 percent to total revenues of \$6,219,790.
- ◆ Total assets of governmental activities increased by \$138,342 as cash and cash equivalents increased by \$206,236, receivables and other assets increased by \$10,417 and capital assets decreased by \$78,311.
- ◆ The School District had \$5,881,330 in expenses; only \$292,081 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,927,709 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,127,981 in revenues and \$4,912,542 in expenditures. The General Fund's balance increased \$215,439 over 2014.

Using this Generally Accepted Accounting Principles Report (GAAP)

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net 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 has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP**

11.2

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

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

Recall that 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 for 2015 compared to 2014.

	Table 1 Net Position		Variance	
	6/30/2015	6/30/2014	Dollars	Percent
ASSETS				
Current & Other Assets	\$ 1,450,144	\$ 1,243,609	\$ 206,535	16.61%
Capital Assets	3,854,433	3,933,206	(78,773)	-2.00%
Total Assets	<u>5,304,577</u>	<u>5,176,815</u>	<u>127,762</u>	<u>2.47%</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount of Pension Liability	<u>95,066</u>	<u>54,487</u>	<u>40,579</u>	<u>74.47%</u>
LIABILITIES				
Long Term Liabilities	2,598,730	2,923,941	(325,211)	-11.12%
Other Liabilities	54,751	56,100	(1,349)	-2.40%
Total Liabilities	<u>2,653,481</u>	<u>2,980,041</u>	<u>(326,560)</u>	<u>-10.96%</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount of Pension Liability	<u>156,441</u>	<u>-</u>	<u>156,441</u>	*
NET POSITION				
Invested in Capital Assets, Net of Related Debt	2,739,433	2,628,206	111,227	4.23%
Restricted	659,060	565,175	93,885	16.61%
Unrestricted	(808,772)	(942,120)	133,348	-14.15%
Total Net Position	<u>\$ 2,589,721</u>	<u>\$ 2,251,261</u>	<u>\$ 338,460</u>	<u>15.03%</u>

* = Undefined

Total assets increased \$127,762. Cash and cash equivalents increased by \$199,784, receivables and other assets increased by \$6,751 and capital assets decreased by \$78,773. Unrestricted net position of the School District increased by \$133,348. These are the part of net position that can

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

be used to finance day to day activities without constraints established by grants or legal requirements.

The negative balance in unrestricted net assets is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position in fiscal year 2015 with comparisons to 2014.

**Table 2
Changes in Net Position**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 158,080	\$ 355,349	\$ (197,269)	-55.51%
Operating Grants & Contributions	134,001	128,742	5,259	4.08%
Capital Grants		(27,320)	27,320	-100.00%
General Revenues:				
Property Taxes	3,962,960	3,996,963	(34,003)	-0.85%
Unrestricted Grants	1,948,839	1,256,484	692,355	55.10%
Other	15,910	18,078	(2,168)	-11.99%
Total Revenues	<u>6,219,790</u>	<u>5,728,296</u>	<u>491,494</u>	<u>8.58%</u>
PROGRAM EXPENSES				
Instruction:				
Regular	2,605,769	2,065,010	540,759	26.19%
Special	846,207	935,748	(89,541)	-9.57%
Other	45,694	37,360	8,334	22.31%
Support Services:				
Tuition	5,143	70,914	(65,771)	-92.75%
Student & Instructional Staff	1,102,115	920,384	181,731	19.75%
General & Business Administration	473,232	444,585	28,647	6.44%
School Administration	53,663	53,923	(260)	-0.48%
Maintenance	397,781	463,619	(65,838)	-14.20%
Transportation	164,847	209,350	(44,503)	-21.26%
Charter School		2,686	(2,686)	-100.00%
Food Service	75,464	75,410	54	0.07%
Child Care Service	55,316	34,508	20,808	60.30%
Interest on Long Term Debt	56,099	70,191	(14,092)	-20.08%
Total Expenses	<u>5,881,330</u>	<u>5,567,999</u>	<u>313,331</u>	<u>5.63%</u>
Change in Net Position	<u>\$ 338,460</u>	<u>\$ 160,297</u>	<u>\$ 178,163</u>	<u>111.15%</u>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP**

11.4

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 72.31 percent of revenues for governmental activities for the Franklin Township School District for fiscal year 2015.

Instruction comprises 59.47 percent of district expenses. Support services expenses make up 40.53 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2014 and 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Instruction	\$ 3,497,670	\$ 3,038,118	\$ 3,419,637	\$2,962,625
Support Services:				
Tuition	5,143	70,914	5,143	70,914
Student & Instructional Staff	1,102,115	920,384	1,023,745	862,116
General & Business Administration	473,232	444,585	473,232	447,217
School Administration	53,663	53,923	53,663	54,242
Plant Operations & Maintenance	397,781	463,619	382,854	448,692
Pupil Transportation	164,847	393,661	164,847	209,350
Charter School	-	2,686		2,686
Food Service	75,464	75,410	361	2,369
Child Care Service	55,316	34,508	9,668	(19,174)
Interest on Long-Term Debt	56,099	70,191	56,099	70,191
	<u>\$ 5,881,330</u>	<u>\$ 5,567,999</u>	<u>\$ 5,589,249</u>	<u>\$ 5,111,228</u>

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

Student 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.

Plant operation and maintenance activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

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

The dependence upon tax revenues and aid is apparent. For all activities local tax revenue support is 63.70 percent. The community, as a whole, is the primary support or funding source for the Franklin Township School District.

The School District's Funds

Information about the School district's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,480,556 and expenditures of \$5,265,117. The net positive change in fund balance for the year was most significant in the General Fund, reflecting an increase of \$215,439.

General Fund Budgeting Highlights

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

During the course of the fiscal 2015 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the General Fund, budget basis revenue and other financing sources were \$4,674,388, \$74,975 over original budgeted estimates of \$4,599,413. This difference was due primarily to additional extraordinary aid.

The General fund revenues and other financing sources of the School District exceeded expenditures by \$215,439, the financial position of the School District is strong.

Capital Assets

At the end of the fiscal year 2015, the School District had \$3,854,433 invested in land, building, furniture and equipment. Table 4 shows fiscal 2015 balances compared to 2014.

**Table 4
Capital Assets at Year End (Net of Depreciation)**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Land	\$ 180,000	\$ 180,000		
Land Improvements	78,997	75,607	\$ 3,390	4.48%
Buildings & Improvements	3,532,457	3,612,521	(80,064)	-2.22%
Machinery & Equipment	62,979	65,078	(2,099)	-3.23%
	<u>\$ 3,854,433</u>	<u>\$ 3,933,206</u>	<u>\$ (78,773)</u>	-2.00%

Overall capital assets decreased \$78,773 from fiscal 2014 to fiscal year 2015.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
FRANKLIN TOWNSHIP**

11.6

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Debt Administration

At June 30, 2015, the School District had \$2,598,730 in long-term liabilities. Of this amount, \$161,609 is for compensated absences, \$62,584 is for unamortized bond premium, \$1,259,537 is for PERS net pension liability, and the balance of \$1,115,000 is for bonds for school construction. Table 5 shows fiscal 2015 balances compared to 2014.

**Table 5
Long-Term Liabilities at Year End**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
2010 Refunding Bond Issue	\$ 1,115,000	\$ 1,305,000	\$ (190,000)	-14.56%
Unamortized Bond Premium	62,584	71,525	(8,941)	-12.50%
Compensated Absences Liability	161,609	165,355	(3,746)	-2.27%
PERS Net Pension Liability	1,259,537	1,382,061	(122,524)	-8.87%
	<u>\$ 2,598,730</u>	<u>\$ 2,923,941</u>	<u>\$ (325,211)</u>	-11.12%

For the Future

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

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Tim Duryea, School Business Administrator/Board Secretary at Franklin Township Board of Education, 52 Asbury Broadway Road, Washington, NJ 07882 or email at tduryea@franklinschool.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, 2015

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 503,115	\$ 26,549	\$ 529,664
Receivables, Net	249,042	9,829	258,871
Due from Other Funds	364		364
Inventory		2,185	2,185
Restricted Assets:			
Capital Reserve-Cash	324,774		324,774
Maintenance Reserve-Cash	293,311		293,311
Capital Projects-Cash	40,975		40,975
Capital Assets (Note 4):			
Land and Construction in Progress	180,000		180,000
Other Capital Assets, Net of Depreciation	3,671,966	2,467	3,674,433
Total Assets	<u>5,263,547</u>	<u>41,030</u>	<u>5,304,577</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount of Pension Liability	95,066	-	95,066
LIABILITIES			
Accounts Payable	9,727		9,727
Accrued Interest	18,454		18,454
Unearned Revenue	24,900	1,670	26,570
Long-Term Liabilities (Note 5):			
Due Within One Year	198,941		198,941
Due Beyond One Year	2,399,789		2,399,789
Total Liabilities	<u>2,651,811</u>	<u>1,670</u>	<u>2,653,481</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount of Pension Liability	156,441	-	156,441
NET POSITION			
Net Investment in Capital Assets	2,736,966	2,467	2,739,433
Restricted For:			
Capital Reserve	324,774		324,774
Maintenance Reserve	293,311		293,311
Capital Project	40,975		40,975
Unrestricted	(845,665)	36,893	(808,772)
TOTAL NET POSITION	<u>\$ 2,550,361</u>	<u>\$ 39,360</u>	<u>\$ 2,589,721</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 1,453,112	\$ 1,152,657	\$ 48,066	\$ 29,967		\$ (2,527,736)		\$ (2,527,736)
Special Education	367,726	263,129				(630,855)		(630,855)
Other Special Instruction	118,127	97,225				(215,352)		(215,352)
Other Instruction	32,910	12,784				(45,694)		(45,694)
Support Services:								
Tuition	5,143					(5,143)		(5,143)
Students & Instruction Related Services	753,000	349,115		78,370		(1,023,745)		(1,023,745)
General & Business Administration Services	306,727	166,505				(473,232)		(473,232)
School Administration Services	37,415	16,248				(53,663)		(53,663)
Plant Operations & Maintenance	339,113	58,668	14,927			(382,854)		(382,854)
Pupil Transportation	161,189	3,658				(164,847)		(164,847)
Interest on Long-Term Debt	56,099					(56,099)		(56,099)
Total Governmental Activities	3,630,561	2,119,989	62,993	108,337	\$ -	(5,579,220)	\$ -	(5,579,220)
Business-Type Activities:								
Food Service	75,464		49,439	25,664			(361)	(361)
Child Care Program	55,316		45,648				(9,668)	(9,668)
Total Business-Type Activities	130,780	-	95,087	25,664	-	-	(10,029)	(10,029)
Total Primary Government	\$ 3,761,341	\$ 2,119,989	\$ 158,080	\$ 134,001	\$ -	(5,579,220)	(10,029)	(5,589,249)
General Revenues, Transfers & Special Items								
						3,718,722		3,718,722
						244,238		244,238
						1,948,839		1,948,839
						6,034	127	6,161
						9,749		9,749
						5,927,582	127	5,927,709
						348,362	(9,902)	338,460
						2,201,999	49,262	2,251,261
						\$ 2,550,361	\$ 39,360	\$ 2,589,721

SEE ACCOMPANYING NOTES TO THE BASIC 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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 503,115				\$ 503,115
Receivables:					
State	142,096				142,096
Federal		\$ 89,349			89,349
Other Local Governments	11,818				11,818
Other	5,779				5,779
Due from Other Funds	64,813				64,813
Restricted Cash & Cash Equivalents	618,085		\$ 40,975		659,060
TOTAL ASSETS	<u>\$ 1,345,706</u>	<u>\$ 89,349</u>	<u>\$ 40,975</u>	<u>\$ -</u>	<u>\$ 1,476,030</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 9,727				\$ 9,727
Due to Other Funds		\$ 64,449			64,449
Unearned Revenue		24,900			24,900
Total Liabilities	<u>9,727</u>	<u>89,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>99,076</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus	\$ 198,769				\$ 198,769
Excess Surplus-Designated for Subsequent Year's Expenditures	210,056				210,056
Capital Projects Fund Balance			\$ 40,975		40,975
Committed Fund Balance:					
Capital Reserve Account	324,774				324,774
Maintenance Reserve Account	293,312				293,312
Assigned Fund Balance:					
Year-End Encumbrances	13,965				13,965
Designated for Subsequent Year's Expenditures	50,000				50,000
Unassigned Fund Balance	245,103				245,103
Total Fund Balances	<u>1,335,979</u>	<u>\$ -</u>	<u>40,975</u>	<u>\$ -</u>	<u>1,376,954</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,345,706</u>	<u>\$ 89,349</u>	<u>\$ 40,975</u>	<u>\$ -</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

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

\$ 5,956,299
2,104,333

3,851,966

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds

(61,375)

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

(2,598,730)

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

(18,454)

Total Net Position of Governmental Activities

\$ 2,550,361

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 3,718,722			\$ 244,238	\$ 3,962,960
Tuition Charges-Individuals	48,066				48,066
Interest Earned on Capital Reserve	886				886
Interest on Investments	5,148				5,148
Miscellaneous	24,676	\$ 3,580			28,256
Total	3,797,498	3,580	\$ -	244,238	4,045,316
State Sources	1,330,483				1,330,483
Federal Sources		104,757			104,757
Total Revenues	5,127,981	108,337	-	244,238	5,480,556
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	1,423,145	29,967			1,453,112
Special Education Instruction	367,726				367,726
Other Special Instruction	118,127				118,127
Other Instruction	32,910				32,910
Support Service & Undistributed Costs:					
Tuition	5,143				5,143
Student & Instruction Related Services	674,630	78,370			753,000
General & Business Administrative Services	306,727				306,727
School Administrative Services	37,415				37,415
Plant Operations & Maintenance	339,113				339,113
Pupil Transportation	161,189				161,189
Unallocated Benefits	1,412,672				1,412,672

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, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 21,058				\$ 21,058
Debt Services:					
Principal				\$ 190,000	190,000
Interest & Other Charges	12,687			54,238	66,925
Total Expenditures	<u>4,912,542</u>	<u>\$ 108,337</u>	<u>\$ -</u>	<u>244,238</u>	<u>5,265,117</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	215,439	-	-	-	215,439
Fund Balances, July 1	<u>1,120,540</u>	<u>-</u>	<u>40,975</u>	<u>-</u>	<u>1,161,515</u>
Fund Balances, June 30	<u><u>\$ 1,335,979</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,975</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,376,954</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	215,439
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	\$	21,058
Depreciation Expense		<u>(99,369)</u>
		(78,311)
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 assets and are not reported in the statement of activities:		
Debt Principal Payments		190,000
Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Premium		8,941
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.		
		1,885
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense		
		6,662
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.		
		<u>3,746</u>
Change in Net Position of Governmental Activities	\$	<u><u>348,362</u></u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Food Service Fund	Child Care Program	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 13,251	\$ 13,298	\$ 26,549
Accounts Receivable		8,440	8,440
Receivable from Other Governments:			
Federal	1,327		1,327
State	62		62
Inventories	2,185		2,185
Total Current Assets	<u>16,825</u>	<u>21,738</u>	<u>38,563</u>
Fixed Assets:			
Capital Assets	30,019		30,019
Accumulated Depreciation	27,552		27,552
Total Fixed Assets	<u>2,467</u>	<u>-</u>	<u>2,467</u>
Total Assets	<u>19,292</u>	<u>21,738</u>	<u>41,030</u>
LIABILITIES			
Unearned Revenue	1,670		1,670
Total Current Liabilities	<u>1,670</u>	<u>-</u>	<u>1,670</u>
NET POSITION			
Net Investment in Capital Assets	2,467		2,467
Unrestricted	<u>15,155</u>	<u>21,738</u>	<u>36,893</u>
TOTAL NET POSITION	<u>\$ 17,622</u>	<u>\$ 21,738</u>	<u>\$ 39,360</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Fund	Child Care Program	Total
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	\$ 33,455		\$ 33,455
Daily Sales-Nonreimbursable Programs	15,984		15,984
Fees for Services		\$ 45,648	45,648
Total Operating Revenues	<u>49,439</u>	<u>45,648</u>	<u>95,087</u>
Operating Expenses:			
Cost of Sales-Reimbursable Programs	24,595		24,595
Cost of Sales-Non Reimbursable Programs	11,751		11,751
Salaries	18,828	50,381	69,209
Employee Benefits	2,921	3,854	6,775
Purchased Property Services	146		146
Insurance	2,068		2,068
Management Fee	7,245		7,245
Other Purchased Services	4,116	364	4,480
General Supplies	3,332	717	4,049
Depreciation	462		462
Total Operating Expenses	<u>75,464</u>	<u>55,316</u>	<u>130,780</u>
Operating Income (Loss)	<u>(26,025)</u>	<u>(9,668)</u>	<u>(35,693)</u>
Nonoperating Revenues (Expenses):			
Federal Sources:			
National School Lunch Program:			
Cash Assistance	16,283		16,283
Non-Cash Assistance (Commodities)	8,618		8,618
State Sources:			
School Lunch Program	763		763
Interest Income	70	57	127
Total Nonoperating Revenues (Expenses)	<u>25,734</u>	<u>57</u>	<u>25,791</u>
Change in Net Position	(291)	(9,611)	(9,902)
Total Net Position, Beginning	<u>17,913</u>	<u>31,349</u>	<u>49,262</u>
Total Net Position, Ending	<u>\$ 17,622</u>	<u>\$ 21,738</u>	<u>\$ 39,360</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Fund	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 49,539	\$ 48,932	\$ 98,471
Payments to Employees and Benefits		(54,235)	(54,235)
Payments to Food Service Management Co	(63,595)		(63,595)
Payments to Vendors & Customers (Net)	(2,960)	(1,082)	(4,042)
Net Cash Provided by (Used For) Operating Activities	<u>(17,016)</u>	<u>(6,385)</u>	<u>(23,401)</u>
Cash Flows from Noncapital Financing Activities:			
Federal Sources	16,061		16,061
State Sources	761		761
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>16,822</u>	<u>-</u>	<u>16,822</u>
Cash Flows from Investing Activities:			
Interest Income	70	57	127
Net Cash Provided by (Used For) Financing Activities	<u>70</u>	<u>57</u>	<u>127</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(124)	(6,328)	(6,452)
Cash and Cash Equivalents, July 1, 2013	<u>13,375</u>	<u>19,626</u>	<u>33,001</u>
Cash and Cash Equivalents, June 30, 2014	<u>\$ 13,251</u>	<u>\$ 13,298</u>	<u>\$ 26,549</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (26,025)	\$ (9,668)	\$ (35,693)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	462		462
Federal Food Donation Program	8,618		8,618
(Increase) Decrease in Receivables	71	3,283	3,354
(Increase) Decrease in Inventory	496		496
Increase (Decrease) in Unearned Revenue	(638)		(638)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (17,016)</u>	<u>\$ (6,385)</u>	<u>\$ (23,401)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Student Activity Agency Fund	Payroll Agency Fund
ASSETS		
Cash & Cash Equivalents	\$ 8,213	\$ 179,293
TOTAL ASSETS	\$ 8,213	\$ 179,293
LIABILITIES		
Due to Other Funds	\$ 364	\$ 6,184
Due to Student Groups	7,849	
Payroll Deductions & Withholdings		179,293
TOTAL LIABILITIES	\$ 8,213	\$ 185,477

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

NOTES TO FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-6. The District had an approximate enrollment at June 30, 2015 of 230 students.

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

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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 has been removed from these statements.

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

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

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

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

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

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

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

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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

Fiduciary Fund Types (cont'd)

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

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

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, 2015 were insignificant.

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

E. Encumbrances

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as 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 2014-2015 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a 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, 2015.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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 year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net 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.
- 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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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

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, 2015
 (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, 2015 appear in the financial statements as summarized below:

Cash		<u>\$ 1,376,230</u>
	Ref.	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 1,162,175
Enterprise Fund, Statement of Net Position	B-4	26,549
Fiduciary Funds, Statement of Net Position	B-7	<u>187,506</u>
Total Cash		<u>\$ 1,376,230</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2015 is \$1,376,230 and the bank balance is \$1,591,796. Of the bank balance, \$250,000 is covered by federal depository insurance and \$1,341,796 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, 2015, the district had no investments.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being				
Depreciated:				
Land	\$ 180,000			\$ 180,000
Total	<u>180,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>180,000</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	106,142	6,286		112,428
Building & Improvements	5,390,837			5,390,837
Furniture & Equipment	258,262	14,772		273,034
Total	<u>5,755,241</u>	<u>21,058</u>	<u>-0-</u>	<u>5,776,299</u>
Accumulated Depreciation:				
Land Improvements	30,535	2,896		33,431
Building & Improvements	1,778,316	80,064		1,858,380
Furniture & Equipment	196,113	16,409		212,522
Total	<u>2,004,964</u>	<u>99,369</u>	<u>-0-</u>	<u>2,104,333</u>
Total Capital Assets, Being				
Depreciated, Net	<u>3,750,277</u>	<u>(78,311)</u>	<u>-0-</u>	<u>3,671,966</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 3,930,277</u>	<u>\$ (78,311)</u>	<u>\$ -0-</u>	<u>\$ 3,851,966</u>
Business-Type Activities:				
Furniture & Equipment	\$ 30,019			\$ 30,019
Less: Accum Depreciation	<u>27,090</u>	<u>\$ 462</u>		<u>27,552</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 2,929</u>	<u>\$ (462)</u>	<u>\$ -0-</u>	<u>\$ 2,467</u>

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

Instruction:	
Regular	\$ 46,007
Special Education	11,642
Other Special Instruction	3,740
Other Instruction	1,042
Support Services:	
Student & Instruction	23,840
General & Business Admin	9,711
School Administration	1,185
Plant Operations	<u>2,202</u>
Total Depreciation Expense,	
Governmental Activities	<u>\$ 99,369</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 1,305,000		\$ 190,000	\$ 1,115,000	\$ 190,000
Unamortized Bond Premium	71,525		8,941	62,584	8,941
PERS Net Pension Liability	1,382,061		122,524	1,259,537	
Compensated Absences Payable	165,355	\$ 14,834	18,580	161,609	
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,923,941</u>	<u>\$ 14,834</u>	<u>\$ 340,045</u>	<u>\$ 2,598,730</u>	<u>\$ 198,941</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2015 including interest payments are listed as follows:

Year Ending June 30, _____	Principal	Interest	Total
2016	\$ 190,000	\$ 49,212	\$ 239,212
2017	185,000	43,012	228,012
2018	185,000	37,000	222,000
2019	185,000	27,750	212,750
2020	185,000	18,500	203,500
2021	185,000	9,250	194,250
Total	<u>\$ 1,115,000</u>	<u>\$ 184,724</u>	<u>\$ 1,299,724</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

General Obligation Bonds

General obligation school building bonds payable at June 30, 2015, with their outstanding balances are comprised of the following individual issues:

\$2,045,000-2010 refunding school building bonds, interest at 2.00% to 5.00% due in annual installments beginning February 15, 2011, through February 15, 2021	<u>\$ 1,115,000</u>
--	---------------------

The general obligation bonded debt of the District is limited by state law to 2.5% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2015 is \$9,734,889. General obligation debt at June 30, 2015 is \$1,115,000, resulting in a legal debt margin of \$8,619,889.

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. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS

A. Public Employees' Retirement System (PERS) (Cont'd)

The vesting and benefit provisions are set by NJSA 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1.	Members enrolled prior to July 1, 2007
2.	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3.	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4.	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5.	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Allocation Methodology and Reconciliation to Financial Statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2014 and 2013 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Net Pension Liability and Actuarial Information

Components of Net Pension Liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 2,628,460	\$ 2,695,303
Plan Fiduciary Net Position	<u>1,368,923</u>	<u>1,313,242</u>
Net Pension Liability	<u>\$ 1,259,537</u>	<u>\$ 1,382,061</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases (Based on Age):	
2012-2021	2.15%-4.40%
Thereafter	3.15%-5.40%
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the District as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>2014</u>
At Current Discount Rate (5.39%)	\$ 1,259,537
At a 1% Lower Rate (4.39%)	1,584,540
At a 1% Higher Rate (6.39%)	986,617
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 1,382,061
At a 1% Lower Rate (4.55%)	1,720,484
At a 1% Higher Rate (6.55%)	1,098,508

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	39,607	
Net difference between projected and actual earnings on pension plan investments		75,062

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between District contributions and proportionate share of contributions		\$ 81,379
District contributions subsequent to the measurement date	\$ 55,459	
Total	<u>\$ 95,066</u>	<u>\$ 156,441</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) of \$55,459 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred Outflows of Resources:				
Changes of Assumptions	\$ -0-	\$ 46,888	\$ 7,281	\$ 39,607
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan				
Investments	-0-	93,827	18,765	<u>75,062</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (35,455)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2015	\$ (11,485)
2016	(11,485)
2017	(11,485)
2018	(11,485)
2019	7,281
Thereafter	<u>3,204</u>
Total	<u>\$ (35,455)</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Expense

For the year ended June 30, 2015, the District recognized net pension expense of \$48,797 which represents the District's proportionate share of allocable plan pension expense of \$64,756 less the net amortization of deferred amounts from changes in proportion of \$14,959 less other adjustments to the net pension liability of \$1,000. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2014 are as follows:

Service Cost	\$ 58,930
Interest on Total Pension Liability	139,042
Member Contributions	(32,273)
Administrative Expense	983
Expected Investment Return Net of Investment Expense	(90,042)
Pension Expense Related to Specific Liabilities of Individual Employers	(400)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	7,281
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	<u>(18,765)</u>
Pension Expense	<u>\$ 64,756</u>

B. Teacher's Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by NJSA 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

The following represents the membership tiers for TPAF:

Tier	Definition
1.	Members enrolled prior to July 1, 2007
2.	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3.	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4.	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5.	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 11,491,609	\$10,215,301
Employer Pension Expense & Related Revenue	618,356	N/A
Non-Employer Contribution	91,334	130,910
Allocable Proportionate Percentage	.0215010448%	.0202126233%

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 (\$8,200 in 2015) 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/njdcprp.

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.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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.

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

<u>Year</u> <u>Funding</u>	<u>TPAF</u> <u>Benefit Costs</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/15	\$ 305,974	100%
06/30/14	240,095	100%
06/30/13	278,285	100%

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/15	\$ 55,459	100%
06/30/14	54,487	100%
06/30/13	55,064	100%

During the year ended June 30, 2015, the State of New Jersey contributed \$187,723 to the TPAF for post-retirement medical benefits, \$7,937 for the non-contributory insurance premiums and \$110,314 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 \$147,141 during the year ended June 30, 2015 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 68.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of 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, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2014, the State paid \$165.8 million toward Ch 126 benefits for 18,122 eligible retired members.

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

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States 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).

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 8. DEFERRED COMPENSATION

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

Equitable Insurance Co
 Prudential Insurance Co
 Phoenix Home Life Mutual Insurance Co

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances at June 30, 2015 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 64,813	
Special Revenue Fund		\$ 64,449
Student Activity Fund		364
	\$ 64,813	\$ 64,813

The amount due from the Special Revenue is a required loan due to delayed grant payments. The balance due and receivable between the food service fund and student activities fund represents interfund activity not cleared at year end.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2015 consisted of the following:

Food	\$ 1,532
Supplies	<u>653</u>
	<u>\$ 2,185</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 12. RISK MANAGEMENT

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

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

NOTE 13. LEGAL RESERVE ACCOUNTS

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

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

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$18,000 to their Maintenance Reserve account and \$75,000 to their Capital Reserve account by board resolution in June 2015 as summarized in the following schedule.

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

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Return Unused With-drawal	With-drawal	Ending Balance
Capital	\$ 248,888	\$ 75,000	\$ 886			\$ 324,774
Maintenance	275,312	18,000				293,312
Totals	\$ 524,200	\$ 93,000	\$ 886	\$ -0-	\$ -0-	\$ 618,086

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</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	\$ 198,769	\$ 210,056
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	210,056	201,777
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	324,774	248,888
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	293,312	275,312
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,	13,965	5,350
Designated for Subsequent Year's Expenditures	50,000	3,131
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>318,599</u>	<u>250,000</u>
Total Fund Balance	<u>\$ 1,409,475</u>	<u>\$ 1,194,514</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, 2015 is \$198,769.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 6, 2015, 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, 2015
(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 February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, which is effective for fiscal periods beginning June 15, 2015 and June 15, 2016 for pension systems not within the scope of GASB 68, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefits Other than Pension Plans". This statement, which is effective for fiscal periods beginning June 15, 2016, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". This statement, which is effective for fiscal periods beginning June 15, 2017, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning June 15, 2015, is not expected to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning December 15, 2015, is not expected to have an effect on the District's financial reporting.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2015, 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. 68, for pension liabilities, adjustments to the net position for the net pension liability and deferred outflows of resources as of the measurement date of June 30, 2014 are necessary. The following is a summary of the District's restatement of net position as of June 30, 2014:

	<u>Governmental Activities</u>
Net Position, June 30, 2014 as Originally Stated	\$ 3,529,573
Add: Deferred Outflow of Resources for Pension Activity	54,487
Less: PERS Net Pension Liability as of June 30, 2014	<u>(1,382,061)</u>
Net Position, June 30, 2014 as Restated	<u>\$ 2,201,999</u>

NOTE 19. DEFICIT BALANCE IN UNRESTRICTED NET POSITION

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2015 of \$845,665 on schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

BUDGETARY COMPARISON SCHEDULES

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 3,718,722		\$ 3,718,722	\$ 3,718,722	
Tuition from Individuals	53,000		53,000	48,066	\$ (4,934)
Interest on Investments	3,000		3,000	5,148	2,148
Interest Earned on Maintenance Reserve	700		700		(700)
Interest Earned on Capital Reserve	700		700	886	186
Unrestricted Miscellaneous Revenues	15,000		15,000	24,676	9,676
Total	<u>3,791,122</u>	<u>\$ -</u>	<u>3,791,122</u>	<u>3,797,498</u>	<u>6,376</u>
State Sources:					
Categorical Transportation Aid	19,335		19,335	19,335	
Extraordinary Aid	60,000		60,000	128,072	68,072
Categorical Special Education Aid	147,307		147,307	147,307	
Equalization Aid	557,245		557,245	557,245	
Categorical Security Aid	4,013		4,013	4,013	
Adjustment Aid	16,011		16,011	16,011	
PARCC Readiness Aid	2,190		2,190	2,190	
Per Pupil Growth Aid	2,190		2,190	2,190	
Non Public Transportation Aid				527	527
On-Behalf TPAF Pension Contributions				118,251	118,251
On-Behalf TPAF Post Retirement Medical Benefits				187,723	187,723
Reimbursed TPAF Social Security Contribution				147,141	147,141
Total	<u>808,291</u>	<u>-</u>	<u>808,291</u>	<u>1,330,005</u>	<u>521,714</u>
TOTAL REVENUES	<u>\$ 4,599,413</u>	<u>\$ -</u>	<u>\$ 4,599,413</u>	<u>\$ 5,127,503</u>	<u>\$ 528,090</u>
EXPENDITURES					
Current:					
Regular Programs:					
Instruction-Salaries of Teachers:					
Preschool	\$ 65,623	\$ 800	\$ 66,423	\$ 66,319	\$ 104
Kindergarten	139,332	1,600	140,932	138,624	2,308
Grades 1-5	941,447	(68,100)	873,347	873,194	153
Grades 6-8	170,612	2,800	173,412	170,644	2,768
Undistributed Instruction:					
Other Purchased Services	23,100	(2,000)	21,100	20,946	154
General Supplies	81,487	47,551	129,038	125,615	3,423
Textbooks	10,000	17,500	27,500	27,311	189
Other Objects	1,200		1,200	492	708
Total	<u>1,432,801</u>	<u>151</u>	<u>1,432,952</u>	<u>1,423,145</u>	<u>9,807</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education:					
Multiple Disabilities:					
Salaries of Teachers	\$ -	\$ 54,660	\$ 54,660	\$ 54,660	\$ -
Resource Room/Center:					
Salaries of Teachers	146,988	33,940	180,928	180,493	435
Other Salaries for Instruction	143,421	(11,000)	132,421	126,404	6,017
Purchased Professional-Educational Service	46,000	(46,000)			
General Supplies	4,100	2,400	6,500	6,169	331
Total	340,509	(20,660)	319,849	313,066	6,783
Home Instruction:					
Salaries of Teachers	600		600		600
Total	600	-	600	-	600
Total Special Education	341,109	34,000	375,109	367,726	7,383
Basic Skills for Remedial:					
Salaries of Teachers	182,452	(62,600)	119,852	117,885	1,967
General Supplies	3,000	(2,700)	300	242	58
Total	185,452	(65,300)	120,152	118,127	2,025
School Sponsored Co-Curricular Activities:					
Salaries	15,000	1,500	16,500	16,499	1
Supplies and Materials	1,000	100	1,100	1,093	7
Other Objects	900	(900)			
Total	16,900	700	17,600	17,592	8
Summer School-Instruction:					
Salaries of Teachers	11,915	(1,200)	10,715	10,619	96
Other Salaries for Instruction	4,400	500	4,900	4,699	201
General Supplies	200		200		200
Total	16,515	(700)	15,815	15,318	497
Total Instruction Regular	\$ 1,992,777	\$ (31,149)	\$ 1,961,628	\$ 1,941,908	\$ 19,720
Undistributed Expenditures:					
Instruction Tuition:					
Tuition to Priv Sch For the Disabled W/ State	\$ 156,000	\$ (15,000)	\$ 141,000	\$ 5,143	\$ 135,857
Total	156,000	(15,000)	141,000	5,143	135,857
Health Services:					
Salaries	64,472		64,472	64,129	343
Purchased Professional & Tech Services	1,545		1,545	912	633
Supplies and Materials	2,050		2,050	1,748	302
Total	68,067	-	68,067	66,789	1,278

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Speech, OT, PT & Related Services:					
Salaries	\$ 68,300		\$ 68,300	\$ 67,979	\$ 321
Purchased Professional Educational Services	44,800	\$ 45,500	90,300	87,249	3,051
Supports and Materials	1,609	250	1,859	1,515	344
Total	114,709	45,750	160,459	156,743	3,716
Other Support Service Students-Extraordinary Services					
Salaries	87,499	20,000	107,499	107,299	200
Purchase Professional-Educational Services		5,000	5,000	4,920	80
Total	87,499	25,000	112,499	112,219	280
Guidance:					
Purchased Professional Educational Services	2,000		2,000	1,500	500
Total	2,000	-	2,000	1,500	500
Child Study Team:					
Salaries of Other Professional Staff	167,692	3,150	170,842	170,806	36
Salaries of Secretarial & Clerical Assistants	37,762	200	37,962	37,946	16
Purchased Professional-Educational Services	15,000	(3,350)	11,650	7,056	4,594
Other Purchased Services	200		200	134	66
Supplies & Materials	6,018		6,018	4,533	1,485
Other Objects	1,850		1,850	1,334	516
Total	228,522	-	228,522	221,809	6,713
Improvement of Instructional Services:					
Other Purchased Services	11,500	17,005	28,505	28,392	113
Educational Media Service/School Library:					
Salaries	23,961	35,550	59,511	59,479	32
Purchased Professional & Technical Services	38,200	(24,455)	13,745	12,706	1,039
Other Purchased Services		100	100	27	73
Supplies & Materials	4,237	5,000	9,237	6,761	2,476
Total	66,398	16,195	82,593	78,973	3,620
Instructional Staff Training Services:					
Other Purchased Services	1,500		1,500	1,087	413
Supplies & Materials	250		250		250
Other Objects	25,000	(3,500)	21,500	7,118	14,382
Total	26,750	(3,500)	23,250	8,205	15,045
Support Services General Administration:					
Salaries	126,954		126,954	121,732	5,222
Legal Services	8,000	(500)	7,500	4,075	3,425
Audit Fees	14,500		14,500	13,800	700
Architect	3,000		3,000		3,000
Communications & Telephone	4,000		4,000	3,237	763
Board of Education Other Purchased Services	800		800	287	513
Miscellaneous Purchased Services	6,625		6,625	6,363	262
General Supplies	1,525	650	2,175	1,772	403
Miscellaneous Expenditures	12,100	(150)	11,950	10,690	1,260
BOE Membership Dues and Fees	3,325		3,325	3,246	79
Total	180,829	-	180,829	165,202	15,627
Support Services School Administration:					
Salaries of Secretarial & Clerical Assistants	36,365	200	36,565	36,522	43
Supplies & Materials	1,000		1,000	893	107
Total	37,365	200	37,565	37,415	150

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Central Services:					
Salaries	\$ 128,648		\$ 128,648	\$ 127,640	\$ 1,008
Miscellaneous Purchased Services	400	\$ (100)	300	92	208
Supplies & Materials	1,020	100	1,120	1,111	9
Miscellaneous Expenditures	2,300	(200)	2,100	1,303	797
Total	132,368	(200)	132,168	130,146	2,022
Administration Information Technology:					
Purchased Professional Services	7,750	(1,730)	6,020	3,724	2,296
Purchased Technical Services	7,625	30	7,655	7,655	
Total	15,375	(1,700)	13,675	11,379	2,296
Required Maintenance for School Facilities:					
Salaries	67,479	(11,000)	56,479	54,447	2,032
Cleaning Repair & Maintenance Services	18,800	4,500	23,300	23,261	39
Total	86,279	(6,500)	79,779	77,708	2,071
Custodial Services:					
Salaries	90,047	11,000	101,047	99,429	1,618
Purchased Professional & Technical Svcs	1,350	200	1,550	1,419	131
Cleaning, Repair & Maintenance Services	36,250	(200)	36,050	25,784	10,266
Insurance	35,000		35,000	34,083	917
Miscellaneous Purchased Services	5,400		5,400	4,803	597
General Supplies	22,100	2,700	24,800	19,903	4,897
Energy (Natural Gas)	30,000		30,000	26,471	3,529
Energy (Electricity)	60,000		60,000	45,209	14,791
Other Objects	1,600		1,600	1,341	259
Total	281,747	13,700	295,447	258,442	37,005
Care and Upkeep of Grounds:					
Purchase Professional & Technical Svcs	8,800	(5,000)	3,800		3,800
Cleaning, Repair & Maintenance Services	3,500	(950)	2,550		2,550
General Supplies	3,000		3,000	1,440	1,560
Total	15,300	(5,950)	9,350	1,440	7,910
Security:					
Cleaning, Repair & Maintenance Services	5,000	(1,250)	3,750	1,523	2,227
General Supplies	300		300		300
Total	5,300	(1,250)	4,050	1,523	2,527
Student Transportation Services:					
Salaries of Non-Instructional Aides	15,800		15,800	10,193	5,607
Contract Svc-Aid in Lieu Pymt-Non Public School	2,700		2,700		2,700
Contract Svc-Aid in Lieu Pymt-Choice School		9,000	9,000	8,840	160
Contract Svc (Bet Home & School)-Vendor	101,202		101,202	100,442	760
Contract Svc (Bet Home & School)-Joint Agrmt	38,000	(8,200)	29,800	10,669	19,131
Contract Svc (Specal Educ Stud)-ESC & CTAs	80,000	(9,000)	71,000	31,045	39,955
Total	237,702	(8,200)	229,502	161,189	68,313
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	61,000	4,500	65,500	63,221	2,279
Other Retirement Contribution-PERS	63,500	(4,500)	59,000	55,459	3,541
Unemployment Compensation	14,000		14,000	12,233	1,767
Workmen's Compensation	23,000		23,000	20,303	2,697
Health Benefits	682,097	(13,500)	668,597	663,910	4,687
Tuition Reimbursement	18,500		18,500	18,141	359
Other Employee Benefits	187,000	(57,986)	129,014	126,290	2,724
Total	1,049,097	(71,486)	977,611	959,557	18,054

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Pension Contributions				\$ 118,251	\$ (118,251)
On-Behalf TPAF Post Retirement Medical Benefits				187,723	(187,723)
Reimbursed TPAF Social Security Contribution				147,141	(147,141)
Total	\$ -	\$ -	\$ -	453,115	(453,115)
Total Undistributed Expenditures	\$ 2,802,807	\$ 4,064	\$ 2,806,871	\$ 2,936,889	\$ (130,018)
TOTAL CURRENT	\$ 4,795,584	\$ (27,085)	\$ 4,768,499	\$ 4,878,797	\$ (110,298)
CAPITAL OUTLAY					
Equipment:					
General Administration		\$ 8,200	\$ 8,200	\$ 2,250	\$ 5,950
Care and Upkeep of Grounds		18,885	18,885	18,808	77
Facilities Acquisition & Construction Serv: NJ SDA Debt Service Assessment	\$ 12,687		12,687	12,687	
TOTAL CAPITAL OUTLAY	\$ 12,687	\$ 27,085	\$ 39,772	\$ 33,745	\$ 6,027
TOTAL EXPENDITURES	\$ 4,808,271	\$ -	\$ 4,808,271	\$ 4,912,542	\$ (104,271)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (208,858)	\$ -	\$ (208,858)	\$ 214,961	\$ 423,819
Fund Balances, July 1	1,194,514	-	1,194,514	1,194,514	-
Fund Balances, June 30	\$ 985,656	\$ -	\$ 985,656	\$ 1,409,475	\$ 423,819
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (5,350)		\$ (5,350)	\$ (5,350)	
Increase in Capital Reserve	700	\$ 75,000	75,700	75,886	\$ 186
Increase in Maintenance Reserve	700	18,000	18,700	18,000	(700)
Budget Fund Balance	(204,908)	(93,000)	(297,908)	126,425	424,333
TOTAL	\$ (208,858)	\$ -	\$ (208,858)	\$ 214,961	\$ 423,819

FRANKLIN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Excess Surplus:		
Prior Year-Designated for 2015-2016 Budget	\$ 210,056	
Current Year-Designated for 2016-2017 Budget	<u>198,769</u>	
		\$ 408,825
Committed Fund Balance:		
Capital Reserve	324,774	
Maintenance Reserve	<u>293,312</u>	
		618,086
Assigned Fund Balance:		
Year-End Encumbrances	13,965	
Designated for Subsequent Year's Expenditures	<u>50,000</u>	
		63,965
Unassigned Fund Balance		<u>318,599</u>
		1,409,475
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payments not Recognized on GAAP Basis		<u>(73,496)</u>
Fund Balance Per Governmental Funds (GAAP)		<u>\$ 1,335,979</u>

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, 2015

(NOT APPLICABLE TO THIS REPORT)

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 3,100	\$ 980	\$ 4,080	\$ 3,580	\$ (500)
Federal Sources	103,090	26,067	129,157	104,757	(24,400)
TOTAL REVENUES	<u>\$ 106,190</u>	<u>\$ 27,047</u>	<u>\$ 133,237</u>	<u>\$ 108,337</u>	<u>\$ (24,900)</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 5,574	\$ 21,883	\$ 27,457	\$ 27,457	
Supplies & Materials	24,400	2,510	26,910	2,510	\$ 24,400
Totals	<u>29,974</u>	<u>24,393</u>	<u>54,367</u>	<u>29,967</u>	<u>24,400</u>
Support Services:					
Salaries	11,715		11,715	11,715	
Employee Benefits	896	1,674	2,570	2,570	
Purchase Professional & Technical Services	57,695		57,695	57,695	
Other Purchased Services	2,810		2,810	2,810	
Purchased Property Services	3,100	480	3,580	3,580	
Supplies & Materials		500	500		500
Totals	<u>76,216</u>	<u>2,654</u>	<u>78,870</u>	<u>78,370</u>	<u>500</u>
TOTAL EXPENDITURES	<u>\$ 106,190</u>	<u>\$ 27,047</u>	<u>\$ 133,237</u>	<u>\$ 108,337</u>	<u>\$ 24,900</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION-PART II

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

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual Amounts (Budgetary) "Revenues" from the Budgetary Comparison Schedules	\$ 5,127,503	\$ 108,337
Difference-Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	73,974	
State Aid Receivable Current Year	(73,496)	
Total Revenues (GAAP Basis)	\$ 5,127,981	\$ 108,337
<u>Uses/Outflows of Resources</u>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 4,912,542	\$ 108,337
Total Expenditures (GAAP Basis)	\$ 4,912,542	\$ 108,337

REQUIRED SUPPLEMENTARY INFORMATION-PART III

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.67273132%	0.72313838%							
District's Proportion of the Net Pension Liability (Asset)- Value		\$ 1,259,537	\$ 1,382,061							
District's Covered Employee Payroll	N/A	485,918	488,534	N/A						
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		259.21%	282.90%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 55,459	\$ 54,487	\$ 55,064	\$ 56,040	\$ 53,361	\$ 47,008	\$ 40,294	\$ 29,995	\$ 16,277	\$ 8,065
Contributions in Relation to the Contractually Required Contribution	(55,459)	(54,487)	(55,064)	(56,040)	(53,361)	(47,008)	(40,294)	(29,995)	(16,277)	(8,065)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 505,671	\$ 485,918	\$ 488,534	\$ 471,394	\$ 480,265	\$ 504,177	\$ 500,196	\$ 522,243	\$ 470,059	\$ 468,557
Contributions as a Percentage of Covered Employee Payroll	10.97%	11.21%	11.27%	11.89%	11.11%	9.32%	8.06%	5.74%	3.46%	1.72%

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-TEACHER'S PENSION AND ANNUITY FUND
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.00%	0.00%							
District's Proportion of the Net Pension Liability (Asset)- Value	N/A	\$ -	\$ -	N/A						
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		11,491,609	10,215,301							
Total	\$ -	\$ 11,491,609	\$ 10,215,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 2,026,913	\$ 2,125,012							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	0.00%	0.00%	N/A						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-TEACHER'S PENSION AND ANNUITY FUND
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 118,251	\$ 90,958	\$ 130,604	\$ 72,123	\$ 6,828	\$ 7,411	\$ 6,492	\$ 166,981	\$ 156,123	\$ 21,083
Contributions in Relation to the Contractually Required Contribution	(118,251)	(90,958)	(130,604)	(72,123)	(6,828)	(7,411)	(6,492)	(166,981)	(156,123)	(21,083)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 1,971,474	\$ 2,026,913	\$ 2,125,012	\$ 2,025,405	\$ 1,947,740	\$ 2,260,240	\$ 2,181,652	\$ 2,148,810	\$ 2,012,680	\$ 2,028,723
Contributions as a Percentage of Covered Employee Payroll	6.00%	4.49%	6.15%	3.56%	0.35%	0.33%	0.30%	7.77%	7.76%	1.04%

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION-PART III

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
(UNAUDITED)

JUNE 30, 2014 AND 2013

NOTE 1. SPECIAL FUNDING SITUATION-TPAF

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	REAP	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Pre School	Local Grants	2015 Total
REVENUES							
Local Sources						\$ 3,580	\$ 3,580
Federal Sources	\$ 26,067	\$ 12,611	\$ 7,195	\$ 56,844	\$ 2,040		104,757
TOTAL REVENUES	\$ 26,067	\$ 12,611	\$ 7,195	\$ 56,844	\$ 2,040	\$ 3,580	\$ 108,337
EXPENDITURES							
Instruction:							
Salaries	\$ 21,883		\$ 5,574				\$ 27,457
General Supplies	2,510						2,510
Total	24,393	\$ -	5,574	\$ -	\$ -	\$ -	29,967
Support Services:							
Salaries		11,715					11,715
Employee Benefits	1,674	896					2,570
Purchase Professional & Technical Services			1,621	54,034	2,040		57,695
Other Purchased Services				2,810			2,810
Purchased Property Services						3,580	3,580
Total	1,674	12,611	1,621	56,844	2,040	3,580	78,370
TOTAL EXPENDITURES	\$ 26,067	\$ 12,611	\$ 7,195	\$ 56,844	\$ 2,040	\$ 3,580	\$ 108,337

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, 2015

Revenues and Other Financing Sources	\$	-
Expenditures and Other Financing Uses		-
Excess (Deficiency) of Revenues Over (Under) Expenditures		-
Fund Balance-Beginning		<u>40,975</u>
Fund Balance-Ending	\$	<u><u>40,975</u></u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS-BUDGETARY BASIS- BOILER AND WINDOW REPLACEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & Other Financing Sources:				
State Sources-SDA Aid	\$ 234,000		\$ 234,000	\$ 234,000
Local Sources:				
Operating Transfer-Capital Reserve	247,993		247,993	247,993
Operating Transfer-Capital Outlay	143,987		143,987	143,987
Total Revenues & Other Financing Sources	625,980	-	625,980	625,980
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	55,181		55,181	58,000
Construction Services	529,218		529,218	566,980
Other Objects	606		606	1,000
Total Expenditures & Other Financing Uses	585,005	-	585,005	625,980
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 40,975	\$ -	\$ 40,975	\$ -

Additional Project Information:

Project Number	1620-050-10-1001
Authorization Date	09/13/10
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 653,300
Reduced Authorized Cost	\$ -
Revised Authorized Cost	\$ 653,300
Percentage Complete	93.45%

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, 2015

	<u>Food Service Fund</u>	<u>Child Care Program</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 13,251	\$ 13,298	\$ 26,549
Accounts Receivable		8,440	8,440
Receivable from Other Governments:			
Federal	1,327		1,327
State	62		62
Inventories	2,185		2,185
Total Current Assets	<u>16,825</u>	<u>21,738</u>	<u>38,563</u>
Fixed Assets:			
Capital Assets	30,019		30,019
Accumulated Depreciation	27,552		27,552
Total Fixed Assets	<u>2,467</u>	<u>-</u>	<u>2,467</u>
Total Assets	<u>19,292</u>	<u>21,738</u>	<u>41,030</u>
LIABILITIES			
Current Liabilities:			
Unearned Revenue	1,670		1,670
Total Current Liabilities	<u>1,670</u>	<u>-</u>	<u>1,670</u>
NET POSITION			
Net Investment in Capital Assets	2,467		2,467
Unrestricted	15,155	21,738	36,893
TOTAL NET POSITION	<u>\$ 17,622</u>	<u>\$ 21,738</u>	<u>\$ 39,360</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, 2015

	Food Service Fund	Child Care Program	Total
Operating Revenues:			
Local Sources:			
Daily Sales-Reimbursable Programs	\$ 33,455		\$ 33,455
Daily Sales-Nonreimbursable Programs	15,984		15,984
Fees for Services		\$ 45,648	45,648
Total Operating Revenues	<u>49,439</u>	<u>45,648</u>	<u>95,087</u>
Operating Expenses:			
Cost of Sales-Reimbursable Programs	24,595		24,595
Cost of Sales-Non Reimbursable Programs	11,751		11,751
Salaries	18,828	50,381	69,209
Employee Benefits	2,921	3,854	6,775
Purchased Property Services	146		146
Insurance	2,068		2,068
Management Fee	7,245		7,245
Other Purchased Services	4,116	364	4,480
General Supplies	3,332	717	4,049
Depreciation	462		462
Total Operating Expenses	<u>75,464</u>	<u>55,316</u>	<u>130,780</u>
Operating Income (Loss)	<u>(26,025)</u>	<u>(9,668)</u>	<u>(35,693)</u>
Nonoperating Revenues (Expenses):			
Federal Sources:			
National School Lunch Program:			
Cash Assistance	16,283		16,283
Non-Cash Assistance (Commodities)	8,618		8,618
State Sources:			
School Lunch Program	763		763
Interest Income	70	57	127
Total Nonoperating Revenues (Expenses)	<u>25,734</u>	<u>57</u>	<u>25,791</u>
Change in Net Position	(291)	(9,611)	(9,902)
Total Net Position, Beginning	<u>17,913</u>	<u>31,349</u>	<u>49,262</u>
Total Net Position, Ending	<u>\$ 17,622</u>	<u>\$ 21,738</u>	<u>\$ 39,360</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Fund	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 49,539	\$ 48,932	\$ 98,471
Payments to Employees and Benefits		(54,235)	(54,235)
Payments to Food Service Management Co	(63,595)		(63,595)
Payments to Vendors & Customers (Net)	(2,960)	(1,082)	(4,042)
Net Cash Provided by (Used For) Operating Activities	<u>(17,016)</u>	<u>(6,385)</u>	<u>(23,401)</u>
Cash Flows from Noncapital Financing Activities:			
Federal Sources	16,061		16,061
State Sources	761		761
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>16,822</u>	<u>-</u>	<u>16,822</u>
Cash Flows from Investing Activities:			
Interest Income	70	57	127
Net Cash Provided by (Used For) Financing Activities	<u>70</u>	<u>57</u>	<u>127</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(124)	(6,328)	(6,452)
Cash and Cash Equivalents, July 1, 2013	<u>13,375</u>	<u>19,626</u>	<u>33,001</u>
Cash and Cash Equivalents, June 30, 2014	<u>\$ 13,251</u>	<u>\$ 13,298</u>	<u>\$ 26,549</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (26,025)	\$ (9,668)	\$ (35,693)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	462		462
Federal Food Donation Program	8,618		8,618
(Increase) Decrease in Receivables	71	3,283	3,354
(Increase) Decrease in Inventory	496		496
Increase (Decrease) in Unearned Revenue	(638)		(638)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (17,016)</u>	<u>\$ (6,385)</u>	<u>\$ (23,401)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS			
Cash & Cash Equivalents	\$ 8,213	\$ 179,293	\$ 187,506
TOTAL ASSETS	<u>8,213</u>	<u>179,293</u>	<u>187,506</u>
LIABILITIES			
Due to Other Funds	364		364
Due to Student Groups	7,849		7,849
FSA Section 125 Plan		14,285	14,285
Summer Pay Account		135,467	135,467
Payroll Deductions & Withholdings		29,541	29,541
TOTAL LIABILITIES	<u>8,213</u>	<u>179,293</u>	<u>187,506</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/15</u>
ASSETS				
Cash and Cash Equivalents	\$ 8,481	\$ 15,422	\$ 15,690	\$ 8,213
TOTAL ASSETS	<u>\$ 8,481</u>	<u>\$ 15,422</u>	<u>\$ 15,690</u>	<u>\$ 8,213</u>
LIABILITIES				
Due to Other Funds	\$ 71	\$ 364	71	\$ 364
Due to Student Groups	8,410	15,058	15,619	7,849
TOTAL LIABILITIES	<u>\$ 8,481</u>	<u>\$ 15,422</u>	<u>\$ 15,690</u>	<u>\$ 8,213</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash and Cash Equivalents	\$ 173,995	\$ 3,502,572	\$ 3,497,274	\$ 179,293
Due from Other Funds	675		675	
TOTAL ASSETS	<u>\$ 174,670</u>	<u>\$ 3,502,572</u>	<u>\$ 3,497,949</u>	<u>\$ 179,293</u>
LIABILITIES				
Due to Other Funds	\$ 6,184		\$ 6,184	
Payroll Deductions & Withholding	26,775	\$ 1,497,066	1,494,750	\$ 29,091
FSA Section 125 Plan	9,660	18,988	14,363	14,285
Summer Pay Account	131,620	135,617	131,770	135,467
Net Payroll	431	1,850,901	1,850,882	450
TOTAL LIABILITIES	<u>\$ 174,670</u>	<u>\$ 3,502,572</u>	<u>\$ 3,497,949</u>	<u>\$ 179,293</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, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/14	Issued	Retired	Balance 06/30/15
			Date	Amount					
Refunding School Bonds of 2010	02/15/10	\$ 2,045,000	02/15/16	\$ 190,000	2.75%				
			02/15/17	185,000	3.25%				
			02/15/18	185,000	5.00%				
			02/15/19	185,000	5.00%				
			02/15/20	185,000	5.00%				
			02/15/21	185,000	5.00%	\$ 1,305,000		\$ 190,000	\$ 1,115,000
						\$ 1,305,000	\$ -	\$ 190,000	\$ 1,115,000

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 244,238		\$ 244,238	\$ 244,238	
Total Revenues	<u>244,238</u>	<u>\$ -</u>	<u>244,238</u>	<u>244,238</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest	54,238		54,238	54,238	
Redemption of Principal	190,000		190,000	190,000	
Total Expenditures	<u>244,238</u>	<u>-</u>	<u>244,238</u>	<u>244,238</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATISTICAL SECTION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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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.

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 1,318,639	\$ 1,438,150	\$ 1,467,982	\$ 1,518,088	\$ 1,545,240	\$ 1,999,232	\$ 2,436,701	\$ 2,532,279	\$ 2,625,277	\$ 2,736,966
Restricted	95,766	8,788	8,546	251,551	301,661	675,438	470,166	591,655	565,175	659,060
Unrestricted	123,915	95,335	80,273	110,718	349,158	330,829	157,214	262,364	(988,453)	(845,665)
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 1,538,320	\$ 1,542,273	\$ 1,556,801	\$ 1,880,357	\$ 2,196,059	\$ 3,005,499	\$ 3,064,081	\$ 3,386,298	\$ 2,201,999	\$ 2,550,361
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 670	\$ 2,104	\$ 1,242	\$ 1,721	\$ 1,530	\$ 4,313	\$ 3,852	\$ 3,390	\$ 2,929	\$ 2,467
Restricted										
Unrestricted	9,663	12,752	3,219	16,759	25,414	18,243	13,801	28,850	46,333	36,893
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 10,333	\$ 14,856	\$ 4,461	\$ 18,480	\$ 26,944	\$ 22,556	\$ 17,653	\$ 32,240	\$ 49,262	\$ 39,360
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 1,319,309	\$ 1,440,254	\$ 1,469,224	\$ 1,519,809	\$ 1,546,770	\$ 2,003,545	\$ 2,440,553	\$ 2,535,669	\$ 2,628,206	\$ 2,739,433
Restricted	95,766	8,788	8,546	251,551	301,661	675,438	470,166	591,655	565,175	659,060
Unrestricted	133,578	108,087	83,492	127,477	374,572	349,072	171,015	291,214	(942,120)	(808,772)
TOTAL DISTRICT-WIDE	\$ 1,548,653	\$ 1,557,129	\$ 1,561,262	\$ 1,898,837	\$ 2,223,003	\$ 3,028,055	\$ 3,081,734	\$ 3,418,538	\$ 2,251,261	\$ 2,589,721

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

Fiscal Year Ending June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 2,210,028	\$ 2,409,390	\$ 2,487,167	\$ 2,427,118	\$ 2,219,596	\$ 2,135,097	\$ 2,266,263	\$ 2,262,741	\$ 2,065,010	\$ 2,605,769
Special Education	423,157	455,683	452,966	321,046	503,788	642,525	947,596	810,341	935,748	846,207
Other Instruction	259,108	264,954	268,194	268,764	304,343	274,074	17,715	23,605	37,360	45,694
Support Services:										
Tuition	84,539	93,089	118,303	122,852	128,310	83,885	35,000	64,161	70,914	5,143
Student & Instruction Related Services	512,329	637,971	630,649	674,266	665,251	650,921	932,188	993,358	920,384	1,102,115
General & Business Administrative Services	293,767	363,179	387,243	447,549	517,578	447,691	485,603	313,913	444,585	473,232
School Administration	74,154	83,374	68,504	47,067	49,669	69,281	52,423	134,180	53,923	53,663
Plant Operations & Maintenance	343,911	384,422	481,864	415,028	468,117	383,317	436,339	412,952	463,619	397,781
Pupil Transportation	232,873	199,227	276,489	277,866	285,642	170,156	143,278	161,812	393,661	164,847
Special Schools	14,859	20,568	21,206	14,281	17,061					
Transfer to Charter Schools						8,483			2,686	
Interest on Long-Term Debt	124,989	119,729	114,160	108,141	79,236	76,733	69,696	75,850	70,191	56,099
Total Governmental Activities Expenses	<u>4,573,714</u>	<u>5,031,586</u>	<u>5,306,745</u>	<u>5,123,978</u>	<u>5,238,591</u>	<u>4,942,163</u>	<u>5,386,101</u>	<u>5,252,913</u>	<u>5,458,081</u>	<u>5,750,550</u>
Business-Type Activities:										
Food Services	113,435	109,798	84,075	91,343	91,675	89,517	78,761	76,368	75,410	75,464
Child Care	55,304	88,967	111,573	88,799	83,277	65,004	30,347	36,371	34,508	55,316
Total Business-Type Activities	<u>168,739</u>	<u>198,765</u>	<u>195,648</u>	<u>180,142</u>	<u>174,952</u>	<u>154,521</u>	<u>109,108</u>	<u>112,739</u>	<u>109,918</u>	<u>130,780</u>
TOTAL DISTRICT EXPENSES	<u>\$ 4,742,453</u>	<u>\$ 5,230,351</u>	<u>\$ 5,502,393</u>	<u>\$ 5,304,120</u>	<u>\$ 5,413,543</u>	<u>\$ 5,096,684</u>	<u>\$ 5,495,209</u>	<u>\$ 5,365,652</u>	<u>\$ 5,567,999</u>	<u>\$ 5,881,330</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services	\$ 138,061	\$ 138,083	\$ 119,317	\$ 123,529	\$ 100,230	\$ 100,933	\$ 73,052	\$ 73,419	\$ 251,461	\$ 62,993
Capital Grants & Contributions									(27,320)	
Operating Grants & Contributions	133,586	192,685	175,318	135,132	158,022	166,884	71,083	117,978	105,907	108,337
Total Governmental Activities Program Revenues	271,647	330,768	294,635	258,661	258,252	267,817	144,135	191,397	330,048	171,330
Business-Type Activities:										
Charges for Services:										
Food Service	65,831	73,364	66,313	69,869	71,210	61,379	59,984	58,732	50,206	49,439
Child Care	62,082	84,999	100,492	100,432	86,138	59,164	24,799	44,277	53,682	45,648
Operating Grants & Contributions	25,654	22,891	17,906	23,672	26,569	29,522	19,263	24,240	22,835	25,664
Total Business-Type Activities Program Revenues	153,567	181,254	184,711	193,973	183,917	150,065	104,046	127,249	126,723	120,751
TOTAL DISTRICT-PROGRAM REVENUES	\$ 425,214	\$ 512,022	\$ 479,346	\$ 452,634	\$ 442,169	\$ 417,882	\$ 248,181	\$ 318,646	\$ 456,771	\$ 292,081
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (4,302,067)	\$ (4,700,818)	\$ (5,012,110)	\$ (4,865,317)	\$ (4,980,339)	\$ (4,674,346)	\$ (5,241,966)	\$ (5,061,516)	\$ (5,128,033)	\$ (5,579,220)
Business-Type Activities	(15,172)	(17,511)	(10,937)	13,831	8,965	(4,456)	(5,062)	14,510	16,805	(10,029)
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (4,317,239)	\$ (4,718,329)	\$ (5,023,047)	\$ (4,851,486)	\$ (4,971,374)	\$ (4,678,802)	\$ (5,247,028)	\$ (5,047,006)	\$ (5,111,228)	\$ (5,589,249)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 2,930,480	\$ 3,229,209	\$ 3,481,557	\$ 3,705,084	\$ 3,721,912	\$ 3,762,850	\$ 3,806,507	\$ 3,778,870	\$ 3,747,500	\$ 3,718,722
Taxes Levied for Debt Service	241,930	241,754	246,092	250,504	254,204	257,454	231,657	248,163	249,463	244,238
Unrestricted Grants & Contributions	1,091,604	1,236,138	1,288,391	1,230,621	1,339,432	1,197,408	1,249,222	1,342,103	1,256,484	1,948,839
Capital Grant-Unallocated	260					261,320				
Investment Earnings	7,978	11,751	9,200	2,455	3,056	2,682	9,013	3,746	4,869	6,034
Miscellaneous Income	12,284	291	1,398	209	447	2,072	4,149	2,558	12,992	9,749
Special Item-Payment to Refunding Bond Agent					(23,010)					
Special Item-Insurance Claim Proceeds for Storm Damage								8,293		
Operating Transfer	(23,319)	(21,572)								
Contracts & Accounts Payable Adjustment		7,200								
Total Governmental Activities	4,261,217	4,704,771	5,026,638	5,188,873	5,296,041	5,483,786	5,300,548	5,383,733	5,271,308	5,927,582

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings		\$ 462	\$ 542	\$ 188	\$ 111	\$ 68	\$ 159	\$ 77	\$ 95	\$ 127
Miscellaneous									122	
Prior Year Refunds					(612)					
Transfers	\$ 23,319	21,572								
Total Business-Type Activities	<u>23,319</u>	<u>22,034</u>	<u>542</u>	<u>188</u>	<u>(501)</u>	<u>68</u>	<u>159</u>	<u>77</u>	<u>217</u>	<u>127</u>
TOTAL DISTRICT-WIDE	<u>\$ 4,284,536</u>	<u>\$ 4,726,805</u>	<u>\$ 5,027,180</u>	<u>\$ 5,189,061</u>	<u>\$ 5,295,540</u>	<u>\$ 5,483,854</u>	<u>\$ 5,300,707</u>	<u>\$ 5,383,810</u>	<u>\$ 5,271,525</u>	<u>\$ 5,927,709</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ (40,850)	\$ 3,953	\$ 14,528	\$ 323,556	\$ 315,702	\$ 809,440	\$ 58,582	\$ 322,217	\$ 143,275	\$ 348,362
Business-Type Activities	8,147	4,523	(10,395)	14,019	8,464	(4,388)	(4,903)	14,587	17,022	(9,902)
TOTAL DISTRICT	<u>\$ (32,703)</u>	<u>\$ 8,476</u>	<u>\$ 4,133</u>	<u>\$ 337,575</u>	<u>\$ 324,166</u>	<u>\$ 805,052</u>	<u>\$ 53,679</u>	<u>\$ 336,804</u>	<u>\$ 160,297</u>	<u>\$ 338,460</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted	\$ 91,542	\$ 61,229		\$ 23,290	\$ 23,031	\$ 64,872	\$ 134,682	\$ 294,618	\$ 411,833	\$ 408,825
Committed	1,410	1,412	\$ 1,432	251,437	301,661	253,935	401,817	523,360	524,200	618,086
Assigned	113,920	90,538	29,610	33,217	145,451	17,541	8,618	31,928	8,481	63,966
Unassigned	72,396	123,486	221,989	249,977	309,885	464,356	280,157	179,972	176,026	245,103
Total General Fund	<u>\$ 279,268</u>	<u>\$ 276,665</u>	<u>\$ 253,031</u>	<u>\$ 557,921</u>	<u>\$ 780,028</u>	<u>\$ 800,704</u>	<u>\$ 825,274</u>	<u>\$ 1,029,878</u>	<u>\$ 1,120,540</u>	<u>\$ 1,335,980</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ 94,094	\$ 7,114	\$ 7,114	\$ 114		\$ 406,398	\$ 38,349	\$ 68,295	\$ 40,975	\$ 40,975
Assigned, Reported In:										
Capital Projects Fund										
Debt Service Fund	262	262				15,105				
Total All Other Governmental Funds	<u>\$ 94,356</u>	<u>\$ 7,376</u>	<u>\$ 7,114</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 421,503</u>	<u>\$ 38,349</u>	<u>\$ 68,295</u>	<u>\$ 40,975</u>	<u>\$ 40,975</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 3,172,410	\$ 3,470,963	\$ 3,727,649	\$ 3,955,588	\$ 3,976,116	\$ 4,020,304	\$ 4,038,164	\$ 4,027,033	\$ 3,996,963	\$ 3,962,960
Tuition Charges	116,322	114,525	95,403	98,658	75,359	76,676	54,399	58,492	52,056	48,066
Interest Earnings	7,978	11,751	9,200	2,455	3,056	2,682	9,013	3,746	4,869	6,034
Miscellaneous	34,023	31,049	26,312	25,080	30,318	31,329	27,802	22,005	19,444	28,256
State Sources	1,099,757	1,237,015	1,290,446	1,230,621	1,238,336	1,197,408	1,220,477	1,342,103	1,256,484	1,330,483
State Sources-Capital Projects	260					261,320			(27,320)	
Federal Sources	125,433	191,808	172,263	135,132	254,118	161,884	94,828	113,458	105,441	104,757
Total Revenues	4,556,183	5,057,111	5,321,273	5,447,534	5,577,303	5,751,603	5,444,683	5,566,837	5,407,937	5,480,556
Expenditures:										
Instruction:										
Regular Instruction	1,513,426	1,593,485	1,627,135	1,633,579	1,438,717	1,388,873	1,529,646	1,468,616	1,364,605	1,423,145
Special Education Instruction	271,798	264,361	264,553	222,233	362,337	395,302	357,787	292,919	360,076	367,726
Other Special Instruction	156,287	167,200	169,495	176,692	178,187	154,290	228,420	218,056	249,800	118,127
Other Instruction	11,636	9,379	8,266	8,566	12,805	24,063	17,183	22,870	24,472	32,910
Support Services:										
Tuition	84,539	93,089	118,303	122,852	128,310	83,885	35,000	64,161	70,914	5,143
Student & Instruction Related Services	334,493	401,542	396,519	428,555	409,758	390,354	601,313	624,335	613,522	674,630
General Administration	169,921	172,858	171,078	187,281	211,684	174,830	170,166	93,847	156,276	165,202
School Administration Services	65,071	66,478	43,759	44,140	48,112	46,259	34,411	92,847	35,540	37,415
Central Services / Business	93,120	93,828	109,611	117,383	119,384	127,848	134,113	123,041	126,601	130,146
Administrative Information Technology						19,432	12,342	13,837	10,468	11,379
Plant Operations & Maintenance	324,076	335,131	427,941	364,843	411,902	310,564	350,209	350,988	385,790	339,113
Pupil Transportation	201,287	172,870	255,096	272,961	279,341	161,879	136,791	162,371	201,973	161,189
Employee Benefits	684,929	792,156	870,287	869,111	1,012,320	1,055,879	1,135,216	1,002,812	978,114	959,557
On-Behalf TPAF Pension & Soc Sec Contributions	278,094	416,086	440,248	294,978	304,388	295,451	365,531	455,610	392,112	453,115
Special Schools	13,580	20,568	21,206	13,834	16,526					
Transfer to Charter Schools						8,483			2,686	
Capital Outlay		4,672			9,199			5,388	3,589	33,745
Capital Projects	127,930	86,980		7,000	114	246,902	338,049	54		
Special Revenue Funds	133,586	192,685	175,318	135,132	158,022	166,884	71,083	117,978	105,907	108,337
Debt Service:										
Principal	115,000	120,000	130,000	140,000	150,000	185,000	180,000	185,000	190,000	190,000
Interest & Other Charges	126,929	121,754	116,354	110,504	104,204	73,246	76,007	75,850	72,150	54,238
Total Expenditures	4,705,702	5,125,122	5,345,169	5,149,644	5,355,310	5,309,424	5,773,267	5,370,580	5,344,595	5,265,117
Excess (Deficiency) of Revenues Over (Under) Expenditures	(149,519)	(68,011)	(23,896)	297,890	221,993	442,179	(328,584)	196,257	63,342	215,439
Other Financing Sources (Uses):										
Insurance Claim Proceeds for Storm Damage								8,293		
Transfers Out	(23,319)	(21,572)								
Total Other Financing Sources (Uses)	(23,319)	(21,572)	-	-	-	-	-	8,293	-	-
Net Change in Fund Balances	\$ (172,838)	\$ (89,583)	\$ (23,896)	\$ 297,890	\$ 221,993	\$ 442,179	\$ (328,584)	\$ 204,550	\$ 63,342	\$ 215,439
Debt Service as a Percentage of Non-capital Expenditures	5.58%	5.05%	4.83%	5.12%	4.99%	5.38%	4.94%	5.11%	5.16%	4.90%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income	\$ 7,978	\$ 11,751	\$ 9,200	\$ 2,455	\$ 3,056	\$ 2,682	\$ 9,013	\$ 3,746	\$ 4,869	\$ 6,034
Tuition	116,322	114,525	95,403	98,658	75,359	76,676	54,399	58,492	52,056	48,066
Building Use Fees	21,739	23,558	23,914	24,871	24,871	24,258	18,653	14,927	14,927	14,927
Prior Year Refunds	11,400	51	325	77		2,071	4,149	887	444	4,510
Miscellaneous	884	15	5		447				1,024	
Donations		225	293	132				510		377
Old Outstanding Checks Canceled										3,284
Accounts Payable Canceled		7,200								
Asbestos Litigation			775							
Current Year Refunds								1,161	2,583	1,578
Annual Totals	<u>\$ 158,323</u>	<u>\$ 157,325</u>	<u>\$ 129,915</u>	<u>\$ 126,193</u>	<u>\$ 103,733</u>	<u>\$ 105,687</u>	<u>\$ 86,214</u>	<u>\$ 79,723</u>	<u>\$ 75,903</u>	<u>\$ 78,776</u>

Source: District Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant Land	\$ 6,750,600	\$ 6,937,700	\$ 6,012,600	\$ 6,267,600	\$ 5,875,000	\$ 6,258,200	\$ 4,438,400	\$ 4,130,400	\$ 4,128,700	\$ 4,181,700
Residential	284,086,600	288,425,300	292,976,100	294,741,100	294,234,600	291,200,700	292,209,000	286,559,100	287,884,400	289,296,400
Farm Regular	46,589,100	47,296,000	48,390,200	48,434,700	51,517,400	53,529,700	53,550,700	53,823,900	52,492,300	51,344,000
Qualified Farm	5,198,525	5,121,825	5,110,225	5,055,805	5,093,305	5,029,405	5,053,215	5,102,815	5,039,395	4,894,295
Commercial	32,616,800	32,616,800	32,985,700	33,199,300	33,139,800	32,839,800	32,503,800	32,526,600	32,514,600	32,364,200
Industrial	28,866,100	28,866,100	31,274,600	31,199,800	31,199,800	31,024,800	30,969,000	30,969,000	30,829,000	30,829,000
Apartment	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300
Total Assessed Value	404,414,025	409,570,025	417,055,725	419,204,605	421,366,205	420,188,905	419,030,415	413,418,115	413,194,695	413,215,895
Public Utilities (a)	1,053,317	966,940	949,522	969,682	1,010,638	942,686	978,714	914,996	692,328	463,886
Net Valuation Taxable	\$ 405,467,342	\$ 410,536,965	\$ 418,005,247	\$ 420,174,287	\$ 422,376,843	\$ 421,131,591	\$ 420,009,129	\$ 414,333,111	\$ 413,887,023	\$ 413,679,781
Estimated Actual County Equalized) Value	\$ 412,227,879	\$ 459,604,905	\$ 480,024,399	\$ 470,783,514	\$ 470,614,867	\$ 442,040,087	\$ 420,724,361	\$ 395,963,362	\$ 381,411,664	\$ 389,508,561
Percentage of Net Valuation to Estimated Actual County Equalized Value	98.36%	89.32%	87.08%	89.25%	89.75%	95.27%	99.83%	104.64%	108.51%	106.21%
Total Direct School Tax Rate (b)	\$ 0.86	\$ 0.91	\$ 0.96	\$ 0.94	\$ 0.95	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.95

Source: Municipal Tax Ass

- 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				Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Regional School Debt	Municipality	County	Fire District	
2006	\$ 0.80	\$ 0.06	\$ 0.86	\$ 0.67	\$ 0.18	\$ 0.64		\$ 2.35
2007	0.85	0.06	0.91	0.75	0.18	0.69		2.53
2008	0.90	0.06	0.96	0.75	0.20	0.70		2.61
2009	0.88	0.06	0.94	0.80	0.23	0.69		2.66
2010	0.89	0.06	0.95	0.87	0.24	0.69		2.75
2011	0.92	0.04	0.96	0.89	0.24	0.67		2.76
2012	0.91	0.05	0.96	0.92	0.22	0.68		2.78
2013	0.91	0.06	0.97	0.94	0.22	0.69		2.82
2014	0.90	0.06	0.96	0.93	0.25	0.72		2.86
2015	0.90	0.05	0.95	0.99	0.28	0.73		2.95

Sources: Municipal Tax Collector

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

- (a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.
- * Revalued/Reassessed

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

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas Pipeline	\$ 17,917,900	1	4.33%	\$ 17,917,000	1	4.42%
Franklin Realty Group LLC	15,233,300	2	3.68%	12,824,800	2	3.16%
ISE America	9,981,100	3	2.41%	9,961,000	3	2.46%
Viking Development Company, LLC	2,313,400	4	0.56%			
J.W.D. Farms, LLC	2,002,300	5	0.48%			
Elizabethtown Gas Company	1,451,700	6	0.35%	1,451,700	4	0.36%
Individual Property Owner	1,290,600	7	0.31%	1,290,000	5	0.32%
ELB Farm, LLC	1,169,600	8	0.28%			
Victaulic Reh, LLC	1,122,300	9	0.27%			
Individual Property Owner	1,109,100	10	0.27%			
Asbury Graphite Mills, Inc				1,200,000	6	0.30%
Apex Victaulic Co. of America				1,122,300	7	0.28%
Individual Property Owner				1,066,000	8	0.26%
Jimmy Lu LLC / Pohat PRK Homes LLC				991,100	9	0.24%
Riverview Farms, LLC				977,700	10	0.24%
	<u>\$ 53,591,300</u>		<u>12.95%</u>	<u>\$ 48,801,600</u>		<u>11.29%</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
2005	\$ 9,028,475	\$ 8,818,737	97.68%
2006	9,663,991	9,366,240	96.92%
2007	10,519,675	10,097,610	95.99%
2008	10,972,721	10,549,194	96.14%
2009	11,265,721	10,844,048	96.26%
2010	11,669,010	11,310,905	96.93%
2011	11,644,684	11,332,972	97.32%
2012	11,698,606	11,339,935	96.93%
2013	11,685,755	11,321,279	96.88%
2014	11,844,159	11,464,518	96.79%

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			
2006	\$ 2,624,000					\$ 2,624,000	2.18%	\$ 831
2007	2,504,000					2,504,000	1.96%	795
2008	2,374,000					2,374,000	1.77%	757
2009	2,234,000					2,234,000	1.62%	714
2010	2,045,000					2,045,000	1.49%	655
2011	1,860,000					1,860,000	1.33%	586
2012	1,680,000					1,680,000	1.15%	532
2013	1,495,000					1,495,000	0.99%	476
2014	1,305,000					1,305,000	0.85%	419
2015	1,115,000					1,115,000	N/A	358

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	Deductions	Net General Bonded Debt Outstanding		
	Bonds				
2006	\$ 2,624,000		\$ 2,624,000	0.65%	\$ 833
2007	2,504,000		2,504,000	0.61%	799
2008	2,374,000		2,374,000	0.57%	759
2009	2,234,000		2,234,000	0.53%	716
2010	2,045,000		2,045,000	0.48%	644
2011	1,860,000		1,860,000	0.44%	589
2012	1,680,000		1,680,000	0.40%	535
2013	1,495,000		1,495,000	0.36%	480
2014	1,305,000		1,305,000	0.32%	419
2015	1,115,000		1,115,000	0.27%	358

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, 2014

GOVERNMENTAL UNIT	Gross Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 1,790,601	100.00%	\$ 1,790,601
Regional High School	21,329,000	16.99%	3,623,309
County General Obligation Debt	12,597,456	3.58%	451,563
Subtotal, Overlapping Debt			5,865,473
School District Direct Debt			1,305,000
Total Direct and Overlapping Debt			<u>\$ 7,170,473</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 2015

Equalized Valuation Basis	2014	\$ 386,850,197
	2013	380,925,196
	2012	400,411,290
		<u>\$ 1,168,186,683</u>

Average Equalized Valuation of Taxable Property \$ 389,395,561

Debt Limit (2.5% of Average Equalization Value) \$ 9,734,889 (a)
 Total Net Debt Applicable to Limit 1,115,000

Legal Debt Margin \$ 8,619,889

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 9,129,589	\$ 10,248,551	\$ 11,068,555	\$ 11,586,640	\$ 11,705,894	\$ 11,472,133	\$ 11,085,593	\$ 10,530,017	\$ 10,018,674	\$ 9,734,889
Total Net Debt Applicable	<u>2,624,000</u>	<u>2,504,000</u>	<u>2,374,000</u>	<u>2,234,000</u>	<u>2,045,000</u>	<u>1,860,000</u>	<u>1,680,000</u>	<u>1,495,000</u>	<u>1,305,000</u>	<u>1,115,000</u>
Legal Debt Margin	<u>\$ 6,505,589</u>	<u>\$ 7,744,551</u>	<u>\$ 8,694,555</u>	<u>\$ 9,352,640</u>	<u>\$ 9,660,894</u>	<u>\$ 9,612,133</u>	<u>\$ 9,405,593</u>	<u>\$ 9,035,017</u>	<u>\$ 8,713,674</u>	<u>\$ 8,619,889</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.74%	24.43%	21.45%	19.28%	17.47%	16.21%	15.15%	14.20%	13.03%	11.45%

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)
2006	3,149	127,868,294	\$ 40,606	3.1%
2007	3,135	134,309,670	42,842	2.9%
2008	3,128	138,007,360	44,120	3.9%
2009	3,120	136,855,680	43,864	6.9%
2010	3,176	139,623,312	43,962	7.2%
2011	3,159	145,535,130	46,070	6.6%
2012	3,139	151,032,985	48,115	6.4%
2013	3,116	152,808,640	49,040	7.4%
2014	3,112	N/A	N/A	6.7%
2015	3,112	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	2015			2006		
	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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	37.4	39.0	42.2	41.2	41.4	34.8	34.8	36.4	36.8	36.8
Special Education	3.0	4.3	4.7	4.7	4.7	4.0	4.0	4.7	5.1	5.5
Support Services:										
General Administration	1.5	1.5	2.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	2.8	4.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Other Administrative Services	2.0	1.8	2.0	2.0	3.0	1.5	1.5	1.0	1.0	1.0
Administrative Information Technology										
Plant Operations and Maintenance	5.0	4.0	4.0	3.5	3.5	3.3	3.3	3.3	3.3	3.3
Pupil Transportation	2.3	2.3	2.6	2.6	2.6	0.4	0.4	0.4	0.6	0.6
Other Support Services	1.0	1.0	1.0	1.0	1.0	1.0	1.5	2.0	2.0	3.0
Total	55.0	57.9	60.5	58.5	59.2	48.0	48.5	50.8	51.8	53.2

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
2006	399	\$ 4,335,843	\$ 10,867	0.71%	38.0	1 to 10.5	399.0	381.4	4.97%	95.59%
2007	385	4,791,716	12,446	14.53%	35.1	1 to 10.97	394.7	374.4	-1.08%	94.86%
2008	348	5,098,815	14,652	17.72%	37.6	1 to 10.51	347.8	332.3	-11.88%	95.54%
2009	337	4,892,140	14,517	-0.92%	36.0	1 to 8.73	340.8	326.9	-2.01%	95.92%
2010	336	5,091,793	15,154	4.39%	26.4	1 to 11.51	318.0	302.9	-6.69%	95.25%
2011	304	4,804,276	15,804	4.29%	23.3	1 to 13.05	294.3	280.1	-7.45%	95.17%
2012	285	5,179,211	18,173	14.99%	23.6	1 to 12.08	287.2	275.1	-2.41%	95.79%
2013	269	5,104,288	18,975	4.42%	26.0	1 to 10.35	271.3	259.6	-5.54%	95.69%
2014	250	5,078,856	20,315	7.06%	28.0	1 to 8.93	250.9	241.5	-7.54%	96.27%
2015	230	4,987,134	21,683	14.27%	28.0	1 to 8.93	233.1	223.0	-7.08%	95.67%

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary (1960)										
Square Feet	47,552	47,552	47,552	47,552	47,552	47,552	47,552	47,552	47,552	49,242
Capacity (Students)	367	367	367	367	367	367	367	367	367	3,367
Enrollment	384	385	348	337	336	304	285	269	250	230
Number of Schools at June 30, 2015:										
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>
2006	\$ 17,931	\$ 17,931
2007	30,162	30,162
2008	50,707	50,707
2009	14,054	14,054
2010	27,437	27,437
2011	18,356	18,356
2012	71,227	71,227
2013	85,439	85,439
2014	111,544	111,544
2015	77,708	77,708
Total School Facilities	<u>\$ 504,565</u>	<u>\$ 504,565</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, 2015
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-NJSIG:		
Property-Blanket Building & Contents (Fund Limit)	\$ 350,000,000	\$ 1,000
Comprehensive General Liability	16,000,000	
Boiler and Machinery	100,000,000	5,000
Crime Public Employee Dishonesty	250,000	1,000
Auto Liability	16,000,000	
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability-NJSIG:		
Errors and Omissions	16,000,000	5,000
Worker's Compensation-NJSIG:		
Per Accident Per Employee	2,000,000	
Per Disease Per Employee	2,000,000	
Disease Policy Limit	2,000,000	
Public Employees' Faithful Performance-NJSIG:		
Treasurer of School Monies Bond	200,000	1,000
Business Administrator's Bond	200,000	1,000
Student Accident Insurance-BMI Benefits through Berkeley:		
Policy Limit	Full Excess	
Pollution Liability-NJSIG through Zurich:		
UST Coverage at Scheduled Locations:		
Claim Limit	1,000,000	25,000

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 6, 2015

Honorable President and
Members of the Board of Education
Franklin Township School
County of Warren, 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, 2015, 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 6, 2015.

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 6, 2015

Honorable President and
Members of the Board of Education
Franklin Township School
County of Warren, 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, 2015. 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 15-08. Those standards, OMB Circular A-133 and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2015.

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 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 15-08**

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 6, 2015, 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 15-08 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 FINANCIAL ASSISTANCE SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2014 (Acct Rec) Unearned Revenue	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2015		
											Accounts Receivable	Unearned Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title IA	84.010A	NCLB	\$ 12,611	7/01/2014-									
		162015		6/30/2015			\$ 6,074	\$ 12,611			\$ (6,537)		
NCLB Title II A	84.367A	NCLB	7,195	7/01/2014-									
		162015		6/30/2015			470	7,195			(6,725)		
IDEA Basic	84.027	IDEA	54,675	7/01/2013-									
		162014		6/30/2014	\$ (54,675)		54,675						
IDEA Basic	84.027	IDEA	56,844	7/01/2014-									
		162015		6/30/2015			22,213	56,844			(34,631)		
IDEA Preschool	84.173	IDEA	2,040	7/01/2014-									
		162015		6/30/2015			1,092	2,040			(948)		
IDEA Preschool	84.173	IDEA	2,042	7/01/2013-									
		162014		6/30/2014	(2,042)		2,042						
Small Rural School Achievement Prog	84.358A	S358A	26,067	7/01/2013-									
		133563		9/30/2014			9,959	26,067			(16,108)		
Small Rural School Achievement Prog	84.358A	S358A	24,400	7/01/2014-									
		143563		9/30/2015							(24,400)	\$ 24,400	
Total Special Revenue Fund					(56,717)	\$ -	96,525	104,757	\$ -	\$ -	(89,349)	24,400	\$ -
US Department of Agriculture Passed Through State Department of Agriculture:													
Enterprise Fund:													
Child Nutrition Cluster:													
National School Lunch Program- Non-cash Assistance (Commodities)	10.555	N/A	9,472	7/01/2013-									
				6/30/2014	1,232			1,232					
National School Lunch Program- Non-cash Assistance (Commodities)	10.555	N/A	7,910	7/01/2014-									
				6/30/2015			7,910	7,386			524		
National School Lunch Program- Cash Assistance	10.555	N/A	12,754	7/01/2013-									
				6/30/2014	(1,106)		1,106						
National School Lunch Program- Cash Assistance	10.555	N/A	16,283	7/01/2014-									
				6/30/2015			14,956	16,283			(1,327)		
Total Enterprise Fund					126	-	23,972	24,901	-	-	(1,327)	524	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (56,591)	\$ -	\$ 120,497	\$ 129,658	\$ -	\$ -	\$ (90,676)	\$ 24,924	\$ -

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, 2015

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2014 (Acct Rec)		Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2015			Memo		
				Unearned Rev.					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
State Department of Education														
General Fund:														
Equalization Aid	15-495-034	\$ 557,245	7/01/2014-											
	5120-078		6/30/2015			\$ 502,513	\$ 557,245		\$ (54,732)			\$ (54,732)	\$ 557,245	
Equalization Aid	14-495-034	557,245	7/01/2013-											
	5120-078		6/30/2014	\$ (55,412)		55,412								
Special Education Aid	14-495-034	147,307	7/01/2013-											
	5120-089		6/30/2014	(14,648)		14,648								
Special Education Aid	15-495-034	147,307	7/01/2014-											
	5120-089		6/30/2015			132,839	147,307		(14,468)			(14,468)	147,307	
Security Aid	15-495-034	4,013	7/01/2014-											
	5120-084		6/30/2015			3,619	4,013		(394)			(394)	4,013	
Security Aid	14-495-034	4,013	7/01/2013-											
	5120-084		6/30/2014	(399)		399								
Adjustment Aid	15-495-034	16,011	7/01/2014-											
	5120-085		6/30/2015			14,438	16,011		(1,573)			(1,573)	16,011	
Adjustment Aid	14-495-034	16,011	7/01/2013-											
	5120-085		6/30/2014	(1,592)		1,592								
Transportation Aid	15-495-034	19,335	7/01/2014-											
	5120-014		6/30/2015			17,436	19,335		(1,899)			(1,899)	19,335	
Transportation Aid	14-495-034	19,335	7/01/2013-											
	5120-014		6/30/2014	(1,923)		1,923								
Per Pupil Growth Aid	14-495-034	2,190	7/01/2014-											
	5120-097		6/30/2015			1,975	2,190		(215)			(215)	2,190	
PARCC Readiness Aid	14-495-034	2,190	7/01/2014-											
	5120-098		6/30/2015			1,975	2,190		(215)			(215)	2,190	
Extraordinary Special Education Costs Aid	15-100-034	126,805	7/01/2014-											
	5120-473		6/30/2015			-	126,805		(126,805)			(126,805)	126,805	
Extraordinary Special Education Costs Aid	14-100-034	122,543	7/01/2013-											
	5120-473		6/30/2014	(121,276)		122,543	1,267						1,267	
Nonpublic School Transportation	15-495-034	527	7/01/2014-											
	5120-014		6/30/2015				527		(527)			(527)	527	
Reimbursement TPAF Social Security Contributions	15-495-034	147,141	7/01/2014-											
	5094-003		6/30/2015			132,377	147,141		(14,764)			(14,764)	147,141	
On-Behalf TPAF Pension Contribution- Normal Cost and Accrued Liability	15-495-034	110,314	7/01/2014-											
	-5094-006		6/30/2015			110,314	110,314						110,314	
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	15-495-034	7,937	7/01/2014-											
	-5094-007		6/30/2015			7,937	7,937						7,937	
On-Behalf TPAF Pension Contribution- Post Retirement Medical	15-495-034	187,723	7/01/2014-											
	-5094-001		6/30/2015			187,723	187,723						187,723	
Total General Fund				<u>(195,250)</u>		<u>1,309,663</u>	<u>1,330,005</u>	<u>\$ -</u>	<u>(215,592)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(215,592)</u>	<u>1,330,005</u>	
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	14-100-010	710	7/01/2013-											
	-3350-023		6/30/2014	(59)		59								
State School Lunch Program	15-100-010	763	7/01/2014-											
	-3350-023		6/30/2015			701	763		(62)			(62)	763	
Total Enterprise Fund				<u>(59)</u>		<u>760</u>	<u>763</u>	<u>-</u>	<u>(62)</u>	<u>-</u>	<u>-</u>	<u>(62)</u>	<u>763</u>	
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (195,309)</u>		<u>\$ 1,310,423</u>	<u>\$ 1,330,768</u>	<u>\$ -</u>	<u>\$ (215,654)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (215,654)</u>	<u>\$ 1,330,768</u>	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP OF GENERAL-PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$478) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,330,483	\$ 1,330,483
Special Revenue Fund	\$ 104,757		104,757
Food Service Fund	<u>24,901</u>	<u>763</u>	<u>25,664</u>
	<u>\$ 129,658</u>	<u>\$ 1,331,246</u>	<u>\$ 1,460,904</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. 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, 2015.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
15-495-034-5120-078	\$ 557,245	Equalization Aid
15-495-034-5120-089	147,307	Special Education Aid
15-100-034-5120-473	126,805	Extraordinary Aid

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2015.

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, 2015.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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There were no prior year findings or questioned costs.