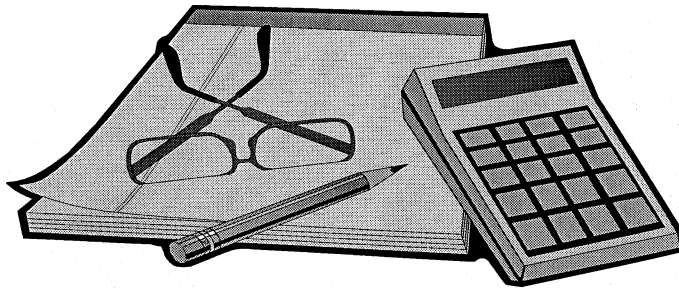


SCHOOL DISTRICT
OF
TOWNSHIP OF
FRANKLIN



Township of Franklin Board of Education
Franklinville, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Township of Franklin Board of Education

Franklinville, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by:

Franklin Township Board of Education

Finance Department

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

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INTRODUCTORY SECTION

TOWNSHIP OF FRANKLIN PUBLIC SCHOOLS

3228 COLES MILLROAD
FRANKLINVILLE, N. J. 08322-3029
Phone: 856-629-9500, Ext. 201
Fax: 856-629-1486
www.franklintwpschools.org

Troy Walton
Superintendent of Schools

Elizabeth A. DiPietro, CPA
School Business Administrator/
Board Secretary

November 18, 2015

Honorable President and Members
of the Board of Education
Township of Franklin Board of Education
Franklinville, New Jersey 08322

Dear Board Members/Citizens,

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Township of Franklin School District (District) for the fiscal year ended June 30, 2015. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis; and
- ◆ The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 and/or 15-08 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

The Township of Franklin School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Township of Franklin Board of Education and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education. The District provides a full-range of programs and services appropriate to grades pre-K disabled through 6. These include regular education, programs for the very able students (gifted and talented), as well a special education for handicapped children in- and out-of-district. Three elementary schools comprise the district's facilities.

Supervising district-wide goals is a superintendent, a school business administrator/board secretary, a curriculum supervisor, and a supervisor of special services. Technology services are contracted through the Delsea Board of Education as a shared service. Each of the three elementary schools has a principal.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the third Wednesday of each month for its regular board meeting (with some exceptions) and one time a month for committee meetings. During its committee meetings and board meeting, the board determines district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:00 p.m.

PTAs are highly active in the District and provide community support for a variety of programs and activities for the children. To maintain effective communications, each school produces newsletters and the district maintains a website. Each of the schools follows district-wide goals and educational approaches in the teaching of children, while maintaining a unique personality that makes up that particular school. All curricula in our District have been aligned to the New Jersey Core Curriculum Content Standards/Common Core State Standards.

In July 2015, the New Jersey Department of Education released its Taxpayer's Guide to Education Spending for all school districts in the state. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This report shows that the district spends \$ 11,557 per pupil while the average costs for similar districts are \$19,212. According to the report, per pupil costs range from a low of \$ 9,840 to a high of \$ 22,298 across the state. Of the 62 other K-6 school districts in the state, the Township of Franklin School District ranked eighth lowest in total cost per pupil.

Elementary Schools

Currently there are four elementary schools (Mary F. Janvier, LakeSchool, Main Road, and Caroline L. Reutter) that offer students in grades Pre-Kindergarten through 6 a comprehensive educational program.

MaryF.Janvier School – a Pre-Kindergarten to Grade 2 school of 630 students. There is one principal and a staff of 51 teachers and classroom teacher aides/one to one assistants. The school is located on 1532 Pennsylvania Avenue.

LakeSchool – up through June 2010, this location housed the preschool disabled and inclusion program. From 2010-11 through 2013-14 school year, this program was housed at Main Road School. Effective 2014-15, this program is housed at the Mary F. Janvier School. There are no students at this school.

Main Road School - grades 3-4 school of 426 students. There is one principal and a staff of 45 teachers and classroom teacher aides/one to one assistants. The school is located on 1452 Main Road.

CarolineL.ReutterSchool - a grades 5-6 school of 361 students. There is one principal and a staff of 42 teachers and classroom teacher aides/one to one assistants. The school is located on 2150 Delsea Drive.

Special Education

The Special Education program is an integral part of each school. In the 2014-15 school year, there were approximately 236 students classified as eligible to receive special education and related services, including 21 students who were placed in out of district settings. The district offers a number of special education programs including in-class resource or co-teaching, pull-out resource as well as self-contained classrooms. The district also offers related services including counseling, speech therapy, occupational therapy and physical therapy.

Core Curriculum Contents Standards

Our district curriculum has been aligned with the revised New Jersey Core Curriculum Standards/Common Core State Standards, according to state-defined timelines.

Staff Development

The Township of Franklin School District provides its teaching staff with many opportunities for professional development. In the beginning of the school year, all newly hired teachers are afforded the opportunity to participate in the Beginning Teacher Induction Program sponsored by Rowan University. The program encompasses training in instructional strategies, classroom management, curriculum, mentoring, and parent conferencing. Mentors are assigned to new staff members to provide support throughout the school year.

Professional in-service days are built into the school calendar to enable teachers to attend sessions related to instructional strategies, curricular updates, text orientation, and district-wide grade level meetings. Teachers are also afforded the opportunity to participate in various in-district workshops related to their PDPs and/or areas of interest.

Technology

District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction. Every classroom, computer lab and office in all three schools and the administration building are linked together in local and wide-area networks. All administrators and teachers, and some of the support staff have access to computers, printers, email accounts and the Internet within their work areas. To assist teachers in presenting lessons and resources, the district has provided 5 computers in each classroom, a Smart board and projector in each core subject classroom, and a full computer lab in each school.

Pupil Enrollment

The district completed the 2014-15 fiscal year with an average daily enrollment of 1,399.2 students. Enrollment has fluctuated over the past five years; however, the District had an increase in enrollment this past year. The following details the changes in the student enrollment of the district over the last five years. The table presents the actual historical pupil enrollment as of October 15, for the school years 2010-11 through 2014-15.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-15	1,399.2	1.03%
2013-14	1,384.9	-1.51%
2012-13	1,406.1	1.29%
2011-12	1,388.2	-2.53%
2010-11	1,424.2	0.65%

ECONOMIC CONDITION AND OUTLOOK

Overall enrollments have remained steady from 2013-14 to 2014-15. The district continues to work within the 2% local revenue cap to minimize the tax impact. It continues to incorporate efficiencies throughout the budget to fund initiatives to enhance educational programs.

MAJOR INITIATIVES

- Teaching materials to update and replace curricular programs including textbooks, workbooks, resource materials, manipulatives, manuals, etc.
- Implement new district-wide Writing Program
- Restructuring of grades 3 & 4 to be semi-departmentalized
- Implementation of district-wide instructional learning program - iReady
- Implement the use of leveled novels in grades 3-6
- Continued implementation of reading inventories at every grade level - DIBELS, DRA
- Continuation of unit assessments which correlates to the Common Core State Standards
- Continued implementation of extended school year programs for identified special education students and basic skills students
- Professional development for certified staff
- Continuation of Gifted and Talented Program
- Continued shared services of Network Technicians and similar services
- Continued implementation of Technology Plan. New and improving technology: Smartboards, Chrome Books, Website and Parent Portal
- Continued implementation of Comprehensive Maintenance Plan
- Implementation of Long Range Facilities Plan. New roofs on all three elementary schools
- Increase special education and Basic Skills teachers for inclusion, co-teaching and pull out instruction
- Continuation of full-day Kindergarten
- Increasing student academic achievement through differentiated instruction
- Continued implementation of Read 180, Wilson Reading and Waterford Early Literacy
- Security upgrades – installation of new security surveillance system
- Extra-curricular Activities
- Increase communications via teacher websites and newsletters
- Managing transportation
- Vision 2019 - Strategic Plan
- Walkie-talkies
- Mobile app
- Increase Chromebooks
- Increase technology infrastructure for PARC and readiness

GOALS, OBJECTIVES AND ACHIEVEMENTS

Mary F. Janvier School

- **Objective:** By the Spring of 2015, At least 75 percent of Grade 1 students will demonstrate independent reading level growth as measured by a minimum increase of three DRA levels as indicated by the use of the complete DRA2.
- **Achievements:** Teachers continued to refine their centers – based instruction with an emphasis on differentiation, guided reading, and formative assessment. These items were documented during administrative observation and in lesson plans. Teachers articulated in team meetings and were receptive towards the recommendations of the Principal, Curriculum Supervisor, Reading Specialist, and

Reading Coach. As a result, 92.5 percent of the targeted group of students improved their independent reading level growth by a minimum of three DRA levels.

- Objective: By the Spring of 2015, 75 percent of the Kindergarten students will show improvement in rote counting by 20 additional numbers based upon the comparison of student performance on the Kindergarten NJDOE Unit 4 Math Assessment and the Summer / September 2014 NWEA Math Assessment.
- Achievements: Teachers continued to refine their centers – based instruction with an emphasis on differentiation and formative assessment as documented during administrative observation and in lesson plans. Teachers articulated in team meetings and were receptive towards the recommendations of the Principal, Curriculum Supervisor, and Math Coach. As a result, 98.3 percent of the targeted group of students improved their rote counting by 20 additional numbers.
- Objective: By the Spring of 2015, 85 percent of Grade 2 students will demonstrate growth in addition and subtraction skills as indicated by a 10 point increase on a department developed assessment that is congruent with the expectations of the NJDOE standards of assessment.
- Achievements: Teachers continued to refine their centers – based instruction with an emphasis on differentiation and formative assessment as documented during administrative observation and in lesson plans. Teachers articulated in team meetings and were receptive towards the recommendations of the Principal, Curriculum Supervisor, and Math Coach. As a result, 95.1 percent of the targeted group of students improved their addition and subtraction skills by a minimum of 10 points

Main Road School

- Objective: By the spring of 2015, a minimum of 70 percent of third grade students will increase their DRA performance level on the continuum.
- Achievement: Teachers and staff were trained on the DRA assessment and how to level instruction based off of results. Benchmark assessments were used as guidance to address the needs for students along with progress monitoring using the DRA. Professional development was given to staff on the progress monitoring and using the data to drive instruction. We were successful in meeting the goal in the third grade.
- Objective: By the spring of 2015, 70 percent of fourth grade students will meet the target score indicated in the Dibels assessment of numeration and computation.
- Achievement: Students were given both the computation measures and concepts and application portion of the assessment in early fall and late spring. Professional development was given to staff on small group instruction and center based instruction to support interventions suggested by Dibels. We were successful in meeting the goal in the fourth grade.

Caroline L. Reutter School

- Objective: Attain the state-specified annual progress target of student proficiency on the Mathematics portion of the PARCC. Note: State progress targets are TBD for the 2014-15 school year.
- Achievement: The Caroline L. Reutter School has not received data from the 2014-15 state testing.

- Objective: Attain the state-specified annual progress target of student proficiency on the Mathematics portion of the PARCC. Note: State progress targets are TBD for the 2014-15 school year.
- Achievement: The Caroline L. Reutter School has not received data from the 2014-15 state testing.

PROFESSIONAL DEVELOPMENT ACTIVITIES

District personnel participated in a variety of professional development activities in accordance with the Township of Franklin's Professional Development Plan that incorporates district and school goals. Activities were also relevant to individual professional development plans, student achievement needs, curriculum development and content standards:

- Tuition reimbursement was provided to teachers for graduate course work.
- Grade level meetings were conducted district wide to implement district initiatives and to improve programs.
- Vertical articulation meetings within our district and with our constituent districts were held to discuss curriculum and standards.
- Teachers provided turnkey training and developed their own workshops in areas of expertise.
- All employees received school security and Harassment, Intimidation and Bullying training as well as other state mandated trainings.
- New teachers were provided with an in-district New Teacher Orientation that focused on district technology systems and effective instructional techniques.
- Specific teacher development included, but was not limited to:
 - Co-Teaching
 - RTI – Response To Intervention
 - DIBELS and DRA2 reading assessments and instruction
 - Differentiated instruction
 - Integration of technology into instruction
 - Using data to make decisions
 - Small group instruction

Achievements

All grade levels have implemented the NJ Model Curriculum and unit assessments in the areas of mathematics and language arts to further assist in guiding instruction for individual students. Franklin Township is finishing the installation of Smart Boards in the few remaining district classrooms without them. We have increased the integration of technology with a one-to-one initiative with chrome books in Grades five and six and a one-to-two initiative with chrome books in grades three and four.

Community Support

Resources and Links to Social Service Agencies:

Division of Youth and Family Services
 United Way of Gloucester County
 N.J. State Police - Safety Patrol Program
 U.S. Marine Corps - Toys for Tots
 Together - Coats for Kids Program
 N.J. Dental Health Dept. - Fluoride
 Program

Veterans of Foreign Wars - Loyalty Day
 Twp. of Franklin Police Dept. - DARE Program
 Camden County Mental Health Assn.
 Gloucester County Sheriff - Fingerprinting Project
 N.J. Head Injury Assn. - Bicycle Safety
 American Lung Association
 Epilepsy Foundation of America

Kessler Memorial Hospital Outreach Program
American Heart Association
American Red Cross
American Cancer Society
Gloucester County Dept. of Youth Services - Project Aware

American Diabetes Association
Lyme Disease Foundation
Library for the Blind and Handicapped
Food Bank of South Jersey
Commission for the Blind and Visually Impaired
Child Assault Prevention
Special Children's Health Services

Community Involvement

The district involved the community in the following ways during the 2014-15 school year:

Malaga, Star Cross, Franklinville, Janvier, Forest Grove Fire Departments - Prevention Program
Toys for Tots Collection Program - U.S. Marine Corps
Holiday Music Programs
Canned Goods Drive
Recycling Projects
Sentinel Newspaper - Publishing of School Events
Gloucester County Times Newspaper - Publishing of School Events
Safe Kids Program
Township of Franklin Police Department - Assembly, School Violence Awareness
Assembly Honoring Veterans - VFW Ladies Auxiliary
Franklin Township Community Day
Vision 2019 - Strategic Plan Process
Community Survey
Association of Art Educators of N.J. (AAENJ)
Youth Art Show Participation
Township of Franklin Annual Tree Lighting Ceremony

Parental Involvement

Library Parent Volunteer Program	Parent-Teacher Association
Fluoride Parent Volunteer Program	Child Assault Prevention Program
School Nurse Parent Volunteer Program	Family Fun Night
Parent Visitation Day	Budget Committee
Teacher-Parent Conferences	Participation As Members of the School-Level
Back to School Night	Planning Teams
4 th Friday of the month	Curbing Hunger Program
Preschool Community Activity	Kindergarten Orientation Program
Project THINK	Reading Workshops
Musical Presentations	Bullies/Victims Program
Classroom Star of the Week Program	Grandparents' Day Program
Parent Education Workshops	Grade 3 Orientation
Vision 2019 - Strategic Plan Process	Student Fingerprinting
NJASK Family Night	School Safety Team
Grade 5 Orientation	Parents for Positive Change (Special Ed. Group)
Book Fairs	Field Trip Chaperones
Grade 4 Student-Parent Dance	Holiday Shop
Student Birthdays	Classroom Parties

INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state awards, the District is also responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system 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 system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

BUDGETARY CONTROL

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled 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 fiscal year end.

CASH MANAGEMENT

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

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A schedule of insurance coverage is found in J-20.

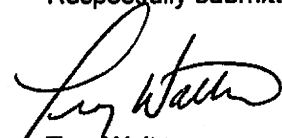
OTHER INFORMATION

Independent Auditor - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet requirements of the Single Audit Act of 1996, as amended, and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements as well as both the required and other supplementary information is included in the financial sections of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS

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

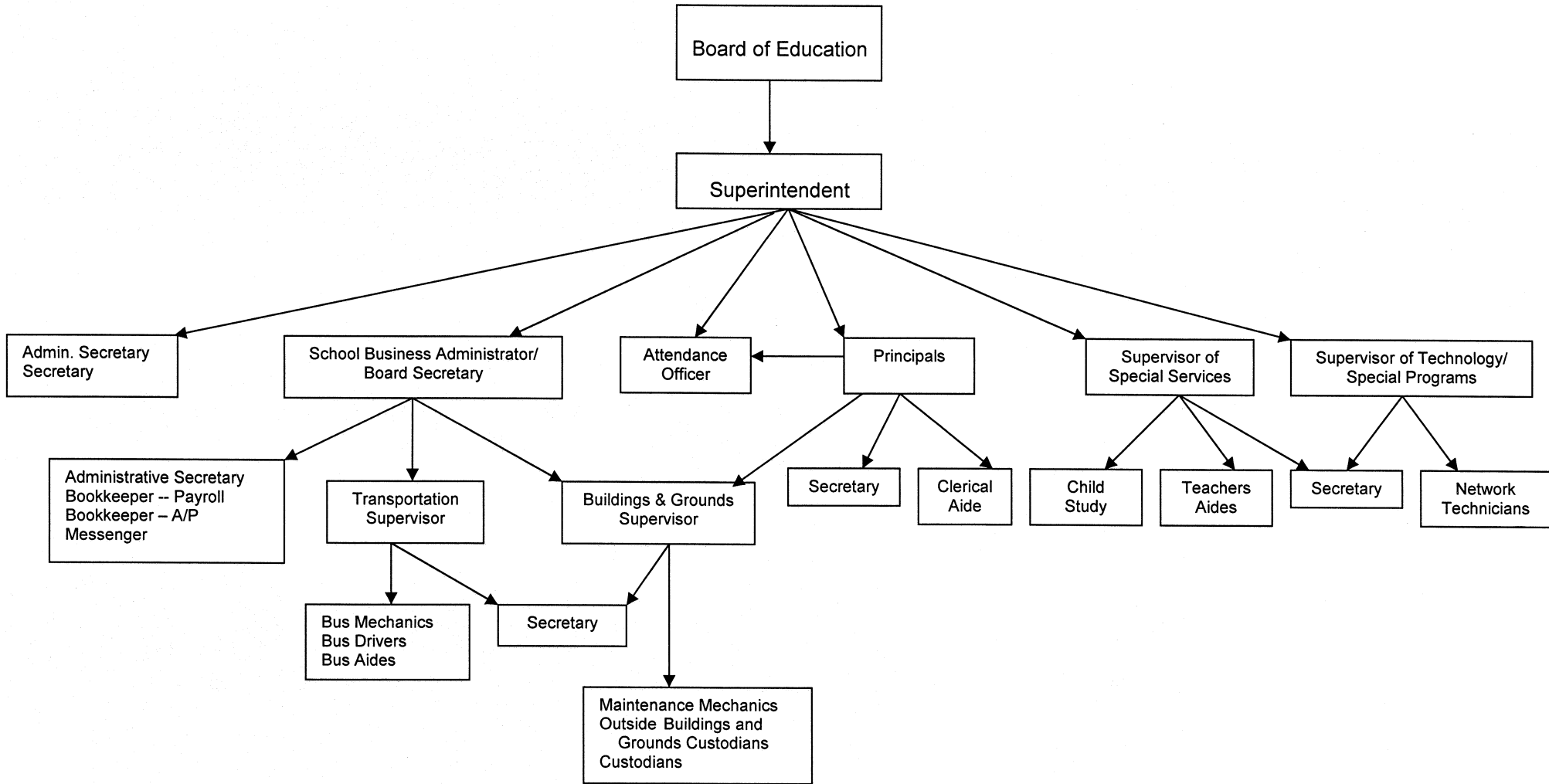
Respectfully submitted,



Troy Walton
Superintendent

TOWNSHIP OF FRANKLIN BOARD OF EDUCATION

Organizational Chart – Unit Control



**TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
FRANKLINVILLE, NEW JERSEY**

**Roster of Officials
June 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stephanie Starr, President	2017
Michelle Isner, Vice President	2017
Heather Flaim	2017
Nicholas Christian	2015
Susan Harnack	2015
Barbara Ciancaglini	2015
Janet Reger	2016
Sherri Gorrell (Terminated 4/29/15)	
Mary Kientz	2016
Dawn Gelsi-Collins (Unexpired Term)	2016

<u>Other Officials</u>	<u>Amount of Bond</u>
Mr. Troy Walton, Superintendent	
Mrs. Elizabeth A. DiPietro, CPA, School Business Administrator	\$225,000
B. Michael Borelli, Esq., Board Solicitor	

**TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

ARCHITECT

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

AUDIT FIRM

Nightlinger, Colavita and Volpa, P.A.
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

B. Michael Borelli, Esq
40 N. Woodbury-Glassboro Rd.
Pitman, NJ 08071

ENGINEER(S)

Engineering Design Associates, PA
5 Cambridge Drive
Ocean View, NJ 08230

EPIC Environmental
1930 Brown Road
401 St. James Place
Newfield, NJ 08344

OFFICIAL DEPOSITORY

Newfield National Bank
18-24 West Boulevard
Newfield, NJ 08344

INSURANCE AGENTS

The Borelli Agency, Inc.
333 Dutch Mill Road
Malaga, NJ 08328

Conner Strong & Buckalew
40 Lake Center Executive Park
401 Rt. 70 North, Suite 300
P.O. Box 989
Marlton, NJ 08053

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FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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November 18, 2015

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Franklin School District
County of Gloucester
Franklinville, New Jersey 08322

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Township of Franklin School District in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Township of Franklin School District'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; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 financial statement presentation.

We believe that 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, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Franklin Board of Education in the County of Gloucester, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 14 through 22 and 55 through 59 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not 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 inquires 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 Township of Franklin Board of Education's, financial statements as a whole. The accompanying introductory section and other supplementary information such as the combining and individual non-major fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and related 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 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 financial statements or 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 accompanying combining and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated November 18, 2015 on our consideration of the Township of Franklin Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTAL INFORMATION
PART 1

**Township of Franklin School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

UNAUDITED

The discussion and analysis of the Township of Franklin 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 to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- General revenues accounted for \$23,464,541.07 in revenue or 90.1 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital gains and contributions accounted for \$2,585,293.39 or 9.9 percent to total revenues of \$26,049,834.46.
- The School District had \$24,637,359.71 in expenses; only \$2,585,293.39 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and unrestricted governmental aid) basically provided for these programs.
- The General Fund had \$21,945,496.42 in revenues, \$21,366,976.69 in expenditures and \$1,136,930.00 in net other financing uses, which were for transfers to the Capital Projects Fund. The General Fund's balance decreased \$558,410.27 under 2014.
- Total assets of governmental activities were \$17,233,584.61. Capital assets made up 77.5 percent of all assets or \$13,356,911.60. The total Net Position of governmental activities was \$9,731,658.06.

Using This Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Township of Franklin 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 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. In the case of the Township of Franklin School District, the General Fund is by far the most significant fund.

**Township of Franklin School District
Franklinville, New Jersey**

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 District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially in 2015?" The Statement of Net Position and the Statement of Activities helps 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 in to account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's Net Position and changes in those assets. 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 District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the 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 District is divided into two distinct kinds of activities:

- **Governmental Activities** - All of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service Enterprise Fund is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major (all) funds begins on page 25. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Special Revenue Fund, Capital Project Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

**Township of Franklin School District
Franklinville, New Jersey**

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's Net Position for 2015 and 2014.

**Table 1
Net Position**

	2015	2014
Assets		
Current and Other Assets	\$ 3,960,974.84	\$ 4,544,441.00
Capital Assets, Net	13,433,384.27	11,521,734.55
	17,394,359.11	16,066,175.55
Deferred Outflows of Resources	975,058.00	
Liabilities		
Long-term Liabilities	7,992,380.35	2,445,636.61
Other Liabilities	172,031.54	230,189.48
	8,164,411.89	2,675,826.09
Deferred Inflows of Resources	337,793.00	
Net Position		
Invested in Capital Assets, Net of Debt	11,361,384.27	9,319,734.55
Restricted	4,132,549.24	4,857,287.06
Unrestricted	(5,626,721.29)	(786,672.15)
	\$ 9,867,212.22	\$ 13,390,349.46

**Township of Franklin School District
Franklinville, New Jersey**

Table 2 shows the changes in Net Position from fiscal year's 2015 and 2014. Revenue and expense comparisons to fiscal year 2014 are presented as a comparative analysis of district-wide data.

Table 2
Changes in Net Position

	2015	2014
Revenues		
Programs Revenues		
Charges for Services	\$ 255,049.34	\$ 272,088.67
Operating Grants and Contributions	2,330,244.05	2,536,080.28
General Revenues		
Property Taxes	9,983,469.00	9,720,494.00
Grants and Entitlements	11,907,688.74	8,796,741.80
Other	1,573,383.33	1,187,298.67
Total Revenues	26,049,834.46	22,512,703.42
Program Expenses		
Instruction	7,990,324.76	7,982,041.28
Support Services		
Tuition	857,859.82	738,089.85
Pupils and Instructional Staff	1,865,383.96	1,792,082.58
General Administration, School		
Administration, Business	1,368,190.70	1,396,283.28
Operations and Maintenance of		
Facilities	1,773,798.38	1,757,087.57
Pupil Transportation	1,866,532.83	1,571,798.50
Employee Benefits	7,774,883.20	5,378,858.13
Interest on Debt	528,059.58	69,898.83
Food Service	612,326.48	624,262.63
Other	0.00	347,848.04
Total Expenses	24,637,359.71	21,658,250.69
Increase (Decrease) in Net Position	\$ 1,412,474.75	\$ 854,452.73

The total revenue of the District was \$26,049,834.46. The percentage breakdown by various classification of revenue is as follows:

Sources of Revenues for Fiscal Year 2015

Property Taxes	38.3%
Federal/State Grants	54.7%
Other	7.0%

**Township of Franklin School District
Franklinville, New Jersey**

The total cost of all programs and services of the District was \$24,637,359.71. The percentage breakdown by various classification of expenditure is as follows:

Expenses for Fiscal Year 2015

Instruction	32.4%
Tuition	3.5%
Pupil Support	7.6%
Administration	5.6%
Maintenance and Operations	7.2%
Transportation	7.5%
Employee Benefits	31.6%
Food Service	2.5%
Depreciation and Debt Service	2.1%

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the District operations. Property taxes made up 42.5 percent of revenues for governmental activities for the Township of Franklin School District for fiscal year 2015. Federal, state and local grants accounted for another 50.7 percent. The District's total Governmental Fund revenues, excluding the Enterprise fund, were \$23,464,541.07 for the fiscal year ended June 30, 2015.

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. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Comparisons to 2014 are also shown below.

Table 3

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 7,990,324.76	\$ 7,401,192.06	\$ 7,982,041.28	\$ 7,302,280.21
Support Services				
Tuition	857,859.82	857,859.82	738,089.85	738,089.85
Pupils and Instructional Staff	1,865,383.96	1,820,866.01	1,792,082.58	1,745,238.75
General Administration, School				
Administration, Business	1,368,190.70	1,368,190.70	1,396,283.28	1,396,283.28
Operation and maintenance				
of Facilities	1,773,798.38	1,773,798.38	1,757,087.57	1,757,087.57
Pupil Transportation	1,866,532.83	1,866,532.83	1,571,798.50	1,571,798.50
Employee Benefits	7,774,883.20	6,445,830.98	5,378,858.13	3,912,589.81
Interest on Debt	528,059.58	528,059.58	69,898.83	69,898.83
Food Service	612,326.48	(10,264.04)	624,262.63	8,966.90
Other			347,848.04	347,848.04
Total Expenses	\$ 24,637,359.71	\$ 22,052,066.32	\$ 21,658,250.69	\$ 18,850,081.74

**Township of Franklin School District
Franklinville, New Jersey**

Instruction expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. General administration, school administration and business include expenses associated with administrative and financial supervision of the District. Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public. 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. Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement. Interest and fiscal charges involve the transactions associated with the payment of interest and other charges related to debt of the District. Other includes unallocated depreciation and amortization.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Total food service expense of \$612,326.48 was \$10,264.04 more than program revenues.
- Charges for services were \$255,049.34 categorized as program revenue. This represents amounts paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$367,541.18.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$23,702,652.94 and expenditures of \$24,240,464.98. The net decrease in fund balance for the year was \$537,812.04. This was due partially due to Capital Expenditures, along with a combination of revenues in excess of expenditures in the general fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

**Township of Franklin School District
Franklinville, New Jersey**

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 11,556,852.33	48.76%	\$ 635,853.66	5.88%
State Sources	11,461,482.93	48.36%	1,236,703.20	12.16%
Federal Sources	684,317.68	2.89%	(80,517.61)	-10.77%
Total	<u>\$ 23,702,652.94</u>	<u>100.00%</u>	<u>\$ 1,792,039.25</u>	<u>8.24%</u>

The increase in local sources is attributable to increases in local tax levy of \$262,975.00, tuition of \$352,037.00 and miscellaneous of \$27,321.34, offset by decreases in interest earned of \$6,480.08.

The increase in state aid is attributed to increases in various public aid of \$201,439.53, which includes a decrease in on-behalf TPAF pension and health cost and social security contributions of \$1,035,263.67.

The decrease in federal sources is attributed to a net decrease in various grant awards in the amount of \$80,517.61.

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:

<u>Expenditure</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 7,980,198.74	32.92%	\$ 6,237.49	0.08%
Undistributed Expenditures	13,517,590.55	55.76%	1,072,610.32	8.73%
Capital Outlay	2,553,415.69	10.53%	60,252.78	4.04%
Debt Service:				
Principal	130,000.00	0.54%		0.00%
Interest	59,260.00	0.24%	321.17	4.08%
Total	<u>\$ 24,240,464.98</u>	<u>100.00%</u>	<u>\$ 1,139,421.76</u>	<u>5.22%</u>

The increase in instructional expenditures is attributed to decreases in regular instruction wages of \$38,560.31, and special education instruction of \$7,333.38 offset by an increase other instruction of \$52,131.18.

The increase in Undistributed Expenditures was attributed to increased student support costs of \$73,301.38, in tuition costs of \$119,769.97, pupil transportation costs of \$311,779.26 and employee benefits of \$600,035.88, and school administration of \$8,289.08 offset by decreases in plant operations and maintenance of \$3,822.69 in other administrative line items of \$36,742.56.

The increase in capital outlay expenditures was attributed to equipment purchases and major renovations to several township schools.

Debt service increased due an increase in bond principal and reduced interest payments requirement.

**Township of Franklin School District
Franklinville, New Jersey**

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

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

While the District's final budget for the general fund anticipated that budgeted fund balance plus revenues would roughly equal expenditures, the actual results for the year show a decrease to fund balance of \$545,303.27, due to an excess in revenue of \$591,626.73, less transfers to capital project fund of \$1,136,930.00. Actual revenues were \$178,178.78 higher than expected, excluding on-behalf pension and social security of \$1,728,100.64. Actual expenditures were \$1,072,132.79 less than expected. Actual revenues and expenditures exclude \$1,728,100.64 in reimbursed social security and on-behalf TPAF pension and retired medical cost, which are non-budgeted reimbursements from the state. Other financing sources were expected. Therefore, a positive variance of \$1,250,311.57 resulted from final budget to actual results of operations for the school year ended on June 30, 2015.

Capital Assets

At the end of the fiscal year 2015, the District had \$11,521,734.55 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014:

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

	<u>2015</u>	<u>2014</u>
Land	\$ 200,445.50	\$ 200,445.50
Site Improvements	85,735.14	26,861.48
Building and improvements	12,364,471.11	10,342,281.03
Machinery and equipment	<u>1,159,998.44</u>	<u>952,146.54</u>
Totals	<u>\$13,433,384.27</u>	<u>\$11,521,734.55</u>

Overall capital assets increased \$1,911,649.72 from fiscal year 2014 to fiscal year 2015. Increases of \$2,544,924.69 in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year of \$633,274.97.

Debt Administration

At June 30, 2015 the District had \$2,324,202.35 as outstanding debt. Of this amount, \$252,202.35 is for compensated absence and the balance of \$2,072,000.00 is for school construction bonds. At June 30, 2015, the District's overall legal debt margin was \$32,344,421 and the unvoted debt margin was \$30,272,421 or 93.6%.

**Township of Franklin School District
Franklinville, New Jersey**

For the Future

The Township of Franklin School District is presently in good financial condition. However, future finances are not without challenges as state and federal funding may be unstable. The District is also dealing with implementing a 2% cap on tax revenues to support appropriations. New teacher evaluation initiatives will create the need to budget for additional professional development for teaching staff members and administrators as we meet the demands of this mandate.

The Township of Franklin is primarily a residential/rural community, with very few significant ratables; thus the burden is focused on homeowners to foot the tax bill.

The fiscal outlook in the near term is a concern for most school districts and municipalities, including this one. Top-down changes in funding will require flexibility and very careful planning at the local level. The Township of Franklin School District will continue to employ prudent and responsible fiscal practices to maintain its sound financial condition.

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 District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Elizabeth A. DiPietro, CPA, School Business Administrator/Board Secretary, at Township of Franklin Board of Education, 3228 Coles Mill Rd., Franklinville, NJ 08322-3029, or email at edipietro@franklintwpschools.org.

BASIC FINANCIAL
STATEMENTS

DISTRICT WIDE
FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Statement of Net Position
As of June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,960,716.38	\$ 1,561.57	\$ 2,962,277.95
Receivables, Net	838,503.97	62,637.96	901,141.93
Interfunds Receivable	77,452.66		77,452.66
Inventory		20,102.30	20,102.30
Capital Assets, Net	13,356,911.60	76,472.67	13,433,384.27
Total Assets	17,233,584.61	160,774.50	17,394,359.11
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	975,058.00		975,058.00
LIABILITIES:			
Accounts Payable	132,468.40	1,820.25	134,288.65
Accrued Interest	2,361.00		2,361.00
Unearned Revenue	11,981.80	23,400.09	35,381.89
Net Pension Liability	5,668,178.00		5,668,178.00
Noncurrent Liabilities			
Due within One Year	130,000.00		130,000.00
Due beyond One Year	2,194,202.35		2,194,202.35
Total Liabilities	8,139,191.55	25,220.34	8,164,411.89
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	337,793.00		337,793.00
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	11,284,911.60	76,472.67	11,361,384.27
Restricted for:			
Capital Reserve	1,730,000.00		1,730,000.00
Maintenance Reserve	1,078,306.00		1,078,306.00
Capital Projects	1,141,421.34		1,141,421.34
Other Purposes	182,821.90		182,821.90
Unrestricted (Deficit)	(5,685,802.78)	59,081.49	(5,626,721.29)
Total Net Position	\$ 9,731,658.06	\$ 135,554.16	\$ 9,867,212.22

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 5,770,416.84		\$ 589,132.70	\$ (5,181,284.14)		\$ (5,181,284.14)
Special Education	1,689,217.62			(1,689,217.62)		(1,689,217.62)
Other Instruction	530,690.30			(530,690.30)		(530,690.30)
Support Services:						
Tuition	857,859.82			(857,859.82)		(857,859.82)
Student & Instruction Related Services	1,865,383.96		44,517.95	(1,820,866.01)		(1,820,866.01)
General Administrative Service	400,201.28			(400,201.28)		(400,201.28)
School Administrative Service	553,919.86			(553,919.86)		(553,919.86)
Central Services	320,309.48			(320,309.48)		(320,309.48)
Administration Information Technology	93,760.08			(93,760.08)		(93,760.08)
Plant Operations and Maintenance	1,773,798.38			(1,773,798.38)		(1,773,798.38)
Pupil Transportation	1,866,532.83			(1,866,532.83)		(1,866,532.83)
Employee Benefits	7,774,883.20		1,329,052.22	(6,445,830.98)		(6,445,830.98)
Interest on Long-term Debt	528,059.58			(528,059.58)		(528,059.58)
Total Governmental Activities	24,025,033.23		1,962,702.87	(22,062,330.36)		(22,062,330.36)
Business-type Activities:						
Food Service	612,326.48	255,049.34	367,541.18		10,264.04	10,264.04
Total Business-type Activities	612,326.48	255,049.34	367,541.18	0.00	10,264.04	10,264.04
Total Primary Government	\$ 24,637,359.71	\$ 255,049.34	\$ 2,330,244.05	\$ (22,062,330.36)	\$ 10,264.04	\$ (22,052,066.32)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 9,810,740.00		\$ 9,810,740.00
Taxes Levied for Debt Service				172,729.00		172,729.00
Federal and State Aid not Restricted				11,907,688.74		11,907,688.74
Tuition and Transportation Fees received				1,339,719.19		1,339,719.19
Transportation Fees				109,816.85		109,816.85
Investment Earnings				20,235.24		20,235.24
Miscellaneous Income				103,612.05		103,612.05
				23,464,541.07		23,464,541.07
Change in Net Assets				1,402,210.71	10,264.04	1,412,474.75
Net Position - Beginning (Restated)				8,329,447.35	125,290.12	8,454,737.47
Net Position - Ending				\$ 9,731,658.06	\$ 135,554.16	\$ 9,867,212.22

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
As of June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,809,654.36		\$ 1,141,421.34	\$ 320.89	\$ 2,951,396.59
Interfund Receivable	192,754.93				192,754.93
Intergovernmental Accounts Receivable - State	109,533.01				109,533.01
Intergovernmental Accounts Receivable - Federal		142,467.42			142,467.42
Accounts Receivable - Other	586,503.54				586,503.54
Total Assets	\$ 2,698,445.84	\$ 142,467.42	\$ 1,141,421.34	\$ 320.89	\$ 3,982,655.49
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 107,965.26	\$ 24,503.14		\$	\$ 132,468.40
Interfund Payable		115,302.27			115,302.27
Unearned Revenue		2,662.01			2,662.01
Total Liabilities	107,965.26	142,467.42			250,432.68
Fund Balances:					
Restricted For:					
Maintenance Reserve Account	487,266.00				487,266.00
Maintenance Reserve Account - Designated for Subsequent Year's Expenditures	591,040.00				591,040.00
Capital Reserve Account	1,730,000.00				1,730,000.00
Excess Surplus	87,804.00				87,804.00
Capital Projects			1,141,421.34		1,141,421.34
Committed To:					
Year-End Encumbrances	94,697.01				94,697.01
Assigned Fund Balance - Designated for Subsequent Year's Expenditures				320.89	320.89
Unassigned, Reported In:					
General Fund (Deficit)	(400,326.43)				(400,326.43)
Total Fund Balances	2,590,480.58		1,141,421.34	320.89	3,732,222.81
Total Liabilities and Fund Balances	\$ 2,698,445.84	\$ 142,467.42	\$ 1,141,421.34	\$ 320.89	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,875,300.80 accumulated depreciation is \$11,518,389.20	13,356,911.60
Accrued interest is not due and payable in the current period and are therefore not reported as liabilities	(2,361.00)
Deferred Outflow of Resources - Deferred Pension Contribution.	975,058.00
Deferred Inflows of Resources - Pension Actuarial Gains.	(337,793.00)
Long Term Net Pension Liability	(5,668,178.00)
Long-term liabilities, including bonds payable, capital lease payments, and compensated absence obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,324,202.35)
Net Position of Governmental Activities	\$ 9,731,658.06

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2015

REVENUES:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 9,810,740.00	\$	\$	\$ 172,729.00	\$ 9,983,469.00
Tuition from Other LEAs	1,339,719.19				1,339,719.19
Transportation from Other LEAs	109,816.85				109,816.85
Interest on Investments	19,435.96				19,435.96
Interest on Capital Reserve	799.28				799.28
Miscellaneous	103,612.05				103,612.05
Total Revenues-Local Sources	11,384,123.33			172,729.00	11,556,852.33
State Sources	10,550,847.64		910,635.29		11,461,482.93
Federal Sources	10,525.45	673,792.23			684,317.68
Total Revenues	21,945,496.42	673,792.23	910,635.29	172,729.00	23,702,652.94
EXPENDITURES:					
Current:					
Regular Instruction	5,179,682.14	589,132.70			5,768,814.84
Special Education Instruction	1,680,693.60				1,680,693.60
Other Instruction	530,690.30				530,690.30
Support Services and Undistributed Costs:					
Tuition	857,859.82				857,859.82
Student & Instruction Related Services	1,812,758.74	44,517.95			1,857,276.69
General Administrative Services	399,581.28				399,581.28
School Administrative Services	553,237.45				553,237.45
Central Services	320,309.48				320,309.48
Administration Information Technology	93,760.08				93,760.08
Plant Operations and Maintenance	1,694,563.77				1,694,563.77
Pupil Transportation	1,794,576.53				1,794,576.53
Unallocated Employee Benefits	4,185,597.23	32,727.58			4,218,324.81
On-behalf TPAF Pension Contributions	431,776.00				431,776.00
On-behalf TPAF Pension Contributions	685,445.00				685,445.00
On-behalf TPAF Social Security Contributions	610,879.64				610,879.64
Capital Outlay	535,565.63	7,414.00	2,010,436.06		2,553,415.69
Debt Service:					
Principal				130,000.00	130,000.00
Interest				59,260.00	59,260.00
Total Expenditures	21,366,976.69	673,792.23	2,010,436.06	189,260.00	24,240,464.98
Excess (Deficiency) of Revenues Over (Under) Expenditures	578,519.73		(1,099,800.77)	(16,531.00)	(537,812.04)
Other Financing Sources (Uses):					
Capital Outlay Transferred to Capital Projects	(359,987.00)		359,987.00		
Capital Reserve Transferred to Capital Projects	(776,943.00)		776,943.00		
Total Other Financing Sources (Uses)	(1,136,930.00)		1,136,930.00		
Net Change in Fund Balances	(558,410.27)		37,129.23	(16,531.00)	(537,812.04)
Fund Balance, July 1	3,148,890.85		1,104,292.11	16,851.89	4,270,034.85
Fund Balance, June 30	\$ 2,590,480.58	\$	\$ 1,141,421.34	\$	\$ 3,732,222.81

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Net Assets
to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (537,812.04)

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, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	\$ (631,143.19)	
Capital outlay	2,553,415.69	
	1,922,272.50	1,922,272.50

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (95,301.01)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 130,000.00

In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In governmental funds, interest is reported when due. (8,383.00)

In the Statement of Activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). (8,565.74)

Change in Net Position of Governmental Activities (A-2) \$ 1,402,210.71

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

PROPRIETARY FUNDS

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
As of June 30, 2015

	<u>Business-type Activities - Enterprise Fund Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ (7,758.22)	\$ 9,319.79
Accounts Receivable:		
State	1,231.04	
Federal	59,932.15	
Other	1,474.77	
Inventories	20,102.30	
Total Current Assets	<u>74,982.04</u>	<u>9,319.79</u>
Noncurrent Assets:		
Equipment	277,060.02	
Accumulated Depreciation	(200,587.35)	
Total Noncurrent Assets	<u>76,472.67</u>	
Total Assets	<u>\$ 151,454.71</u>	<u>\$ 9,319.79</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 1,820.25	\$
Deferred Revenues	14,080.30	9,319.79
Total Current Liabilities	<u>15,900.55</u>	<u>9,319.79</u>
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	76,472.67	
Unrestricted	59,081.49	
Total Net Position	<u>135,554.16</u>	
Total Liabilities and Net Position	<u>\$ 151,454.71</u>	<u>\$ 9,319.79</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2015

	<u>Business-type Activities - Enterprise Fund Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES:		
Local Sources		
Daily Sales-Reimbursable Programs:		
Special Lunch and Milk Program	\$ 162,710.65	\$
Total-Daily Sales-Reimbursable Programs	<u>162,710.65</u>	
Daily Sales Non-reimbursable Programs	<u>92,338.69</u>	
Total Operating Revenue	<u>255,049.34</u>	
OPERATING EXPENSES:		
Salaries	262,361.94	
Employee Benefits	45,670.50	
Purchased Property Services	28,785.12	
Repairs and Other Expenses	30,107.17	
Depreciation	2,131.78	
Cost of Sales	<u>243,269.97</u>	
Total Operating Expenses	<u>612,326.48</u>	
Operating income (loss)	<u>(357,277.14)</u>	
NONOPERATING REVENUES:		
State Sources:		
State School Lunch Program	5,962.74	
Federal Sources:		
National School Lunch Program	211,111.42	
National School Breakfast Program	107,493.53	
Special Milk Program	500.48	
Food Distribution Program	<u>42,473.01</u>	
Total Non-operating Revenues	<u>367,541.18</u>	
Net Income (Loss) before Operating Transfers	<u>10,264.04</u>	
OPERATING TRANSFERS:		
Operating Transfer in - General Fund		
Change in Net Assets	<u>10,264.04</u>	
Total Net Position - July 1	<u>125,290.12</u>	
Total Net Position - June 30	<u>\$ 135,554.16</u>	<u>\$</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

	<u>Business-type Activities - Enterprise Fund Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:		
Operating income (loss)	\$ (357,277.14)	\$
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities		
Depreciation	2,131.78	
Food distribution program	42,473.01	
Change in assets and liabilities		
(Increase)/Decrease in accounts receivable	(36,711.64)	
(Increase)/Decrease in inventory	(3,563.76)	
Increase/(Decrease) in Accounts Payable	1,777.49	
Increase/(Decrease) in Unearned Revenue	2,222.50	
Net cash provided (used) by operating activities	<u>(348,947.76)</u>	
Cash flows from Noncapital financing activities:		
Cash Received from General Fund		
Cash received from state & federal reimbursements	325,068.17	
Net cash provided by Noncapital financing activities	<u>325,068.17</u>	
Cash flows from capital and related financing activities:		
Acquisition of capital assets		
Net cash used for capital and related financing activities		
Net increase in cash and cash equivalents	<u>(23,879.59)</u>	
Cash and cash equivalents, July 1	16,121.37	9,319.79
Cash and cash equivalents, June 30	<u>\$ (7,758.22)</u>	<u>\$ 9,319.79</u>

FIDUCIARY FUNDS

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
As of June 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS:		
Cash and Cash Equivalents	\$ 322,664.35	\$ 529,010.73
Total assets	<u>\$ 322,664.35</u>	<u>\$ 529,010.73</u>
LIABILITIES:		
Payroll Deductions & Withholdings Due to General Fund	\$	\$ 436,672.05 77,452.66
Due to Student Groups		14,886.02
Total Liabilities		<u>529,010.73</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>322,664.35</u>	
Total Net Position	<u>\$ 322,664.35</u>	<u>\$</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 13,875.57
Total Contributions	<u>13,875.57</u>
Investment Earnings:	
Interest	<u>1,575.36</u>
Net Investment Earnings	<u>1,575.36</u>
Total Additions	<u>15,450.93</u>
DEDUCTIONS	
Unemployment Claims	<u>9,247.10</u>
Total Deductions	<u>9,247.10</u>
Change in Net Assets	6,203.83
Net Position - Beginning of the Year	<u>316,460.52</u>
Net Position - End of the Year	<u><u>\$ 322,664.35</u></u>

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Township of Franklin School District is organized under the Constitution of the State of New Jersey. The District operates under a locally elected board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District is a Type II district and serves an area of 54 square miles. It is located in Gloucester County and provides education for all of the Township of Franklin's K through 6 students, as well as having a preschool program for handicapped children. The District currently operates four instructional buildings, a bus garage/maintenance building, a storage building, and an administrative building. The District services approximately 1,404 students.

Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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*, include whether:

- the organization is legally separate (can sue or be sued in their own name);
- the District holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board;
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden to the District; and
- there is fiscal dependency by the organization on the District.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued and Adopted Accounting Pronouncements:

The district adopted the following GASB statements:

- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 67, however, does not have any impact on the School District's financial statements.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

Recently Issued and Adopted Accounting Pronouncements (Cont'd):

- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 68, will impact the financial statements of the School District's.
- In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the School District's.

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

- GASB 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the School District's financial statements, although no impact is expected.

A. Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

A. Basis of Presentation (Cont'd)

The statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

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

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

B. Fund Accounting

Governmental Fund Types

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

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

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

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

B. Fund Accounting (cont'd)

Governmental Fund Types (cont'd)

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District has three open capital projects, as of June 30, 2015.

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

Proprietary-Fund Types

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows, based on generally accepted accounting principles applicable to those similar to businesses in the private sector. The District reports the following major proprietary funds:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenues and expenses pertaining to cafeteria operations. The Food Service 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 costs (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.

The District's Enterprise Fund is comprised of the Food Service Fund.

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

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

Food Service Fund Equipment 7 – 20 Years

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

B. Fund Accounting (cont'd)

Fiduciary-Fund Types

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. As of June 30, 2015, this District had no transactions to record within the Nonexpendable Trust Fund.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Trust funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include unemployment compensation insurance.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of Unearned Revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

C. Basis of Accounting (Cont'd)

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f) 1. All budget amendments must be approved by school board motion. All budget amounts presented in the accompanying supplementary information reflect the original budget and amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 type funds. 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.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-2.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

D. Budgets/Budgetary Control (Cont'd)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

E. Encumbrance Accounting

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as Unearned Revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Assets, Liabilities and Equity

Interfund Transactions

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

F. Assets, Liabilities and Equity (cont'd)

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method and are expended when used. Inventory consists of donated and purchased food. Inventory in the Food Service Enterprise Fund as of June 30, 2015 consisted of the following:

Food		\$ 7,537.31	
Commodity Food		9,561.18	
Supplies		<u>3,003.81</u>	
	Total		<u>\$20,102.30</u>

The value of federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and is included as a non-operating and Unearned Revenue in the financial statements.

Capital Assets

The District has established a formal system of accounting for its capital assets. Capital assets acquired or constructed are recorded at original cost. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method of the following estimated useful lives:

School Buildings	50	Office and Computer Equipment	5-10
Building Improvements	20	Instructional Equipment	10
Vehicles	8	Grounds Equipment	15

G. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee earns the rights to the benefits. District employees earn vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is generally reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service. The liability for vested compensated absences of the governmental fund types is recorded as a liability in the statement of Net Position. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits are accrued to employees.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

G. Compensated Absences (Cont'd)

As of June 30, 2014 there was no liability for compensated absences in the Proprietary Fund. The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated based upon the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Salary-related payments for the employer's share of social security and medicare taxes are included.

H. Net Position

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

I. Unearned Revenue

Unearned Revenue in the Special Revenue Fund represents cash, which has been received but not yet earned.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

K. Fund Balance Reserves

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

L. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

L. Revenues - Exchange and Non-exchange Transactions (Cont'd)

Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within 60 days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

N. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

O. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, have been reported as being unallocated. Depreciation expense has also been reported as unallocated.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

W. Bond and Lease Acquisition Costs

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. During the year ended June 30, 2013, there was \$42,054.20 in bond issue costs that was expensed.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits and short-term investments with maturities of three months or less. Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than 12 months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100 percent of the amount exceeding 75 percent. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase.
- c. Bonds or other obligations of the school district.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

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

Investments (continued)

As of June 30, 2015, cash and cash equivalents in the fund financial statement of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$3,798,777.74
Capital reserve (money market)	<u>8,855.50</u>
Total	<u>\$3,804,633.24</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015, the District's bank balance of \$4,189,608.31 was exposed to custodial credit risk as follows:

Insured by Depository Insurance	\$ 250,000.00
Collateralized under GUDPA	<u>3,939,608.31</u>
Total	<u>\$4,189,608.31</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

4. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Township of Franklin School District, in prior years, which was certified for taxes, 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 District's approved Long-Range Facility Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a District may deposit funds into the capital reserve at any time upon board resolution through a transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

4. CAPITAL RESERVE ACCOUNT (CONT'D)

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$1,707,195.22
Deposits	798,948.48
Interest earnings	<u>799.28</u>
	2,506,942.98
Less: Withdrawals	<u>776,942.98</u>
Ending balance, June 30, 2015	<u>\$1,730,000.00</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$8,117,822.10. There was a withdrawal from the capital reserve during the year, in the amount of \$776,942.98.

5. INTERFUND RECEIVABLE AND PAYABLE

Interfund balances reflected on the balance sheets at June 30, 2015 are as follows:

	<u>Due From</u>	<u>Due to</u>
General Fund	\$192,754.93	
Special Projects Fund		\$115,302.27
Payroll Agency Fund		77,452.66

6. MAINTENANCE RESERVE

A Maintenance Reserve was established by the Township of Franklin School District in the 2010-11 school year in the amount of \$435,186 and another \$575,303 was added in the 2011-12 year, resulting in a balance of \$1,010,489 at June 30, 2013. During 2013-14, \$427,804 was added, resulting in a balance of \$1,438,293, of which \$359,987 was anticipated as revenue in the 2014-2015 budget. At June 30, 2015, there was a balance of \$1,078,306, of which \$591,040 was anticipated as revenue in the 2015-2016 budget. The maximum allowed Maintenance Reserve is \$1,078,306.

7. RECEIVABLES

Receivables at June 30, 2015 consisted of intergovernmental and other monies due to the District and are considered collectible in full. A summary of the principal items of accounts receivable follows:

	<u>Amount</u>
Governmental Activities	
General Funds	\$ 696,036.55
Other Governmental Funds	<u>142,467.42</u>
Total Governmental Funds	838,503.97
Business-Type Activities	
Food Services	<u>62,637.96</u>
Total Accounts Receivable	<u>\$ 901,141.93</u>

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

8. OPERATING LEASES

The District had commitments to lease three Xerox copiers under operating leases that expire in 2014. There were no operating lease obligations initiated in the year ended June 30, 2015. Future minimum lease payments are as follows:

Year ending June 30,	Amount
2016	\$ 23,622.44
2017	14,817.48
2018	9,547.08
2019	8,493.00
Total future minimum lease payments	<u>\$ 57,480.00</u>

9. CAPITAL ASSETS

The Capital Asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 200,445.50	\$ -	\$ -	\$ 200,445.50
Construction in Progress				
Total Capital Assets not being Depreciated	<u>200,445.50</u>			<u>200,445.50</u>
Site Improvements	935,668.52	63,850.25		999,518.77
Building and Building Improvements	17,063,655.91	2,033,147.06		19,096,802.97
Machinery and Equipment	4,160,643.90	447,927.38	(30,037.72)	4,578,533.56
Totals at Historical Cost	<u>22,159,968.33</u>	<u>2,544,924.69</u>	<u>(30,037.72)</u>	<u>24,674,855.30</u>
Less Accumulated Depreciation for:				
Site Improvements	(908,807.04)	(4,976.59)		(913,783.63)
Building and Improvements	(6,721,374.88)	(464,695.57)		(7,186,070.45)
Equipment	(3,287,101.81)	(161,471.03)	30,037.72	(3,418,535.12)
Total Accumulated Depreciation	<u>(10,917,283.73)</u>	<u>(631,143.19)</u>	<u>30,037.72</u>	<u>(11,518,389.20)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	<u>11,242,684.60</u>	<u>1,913,781.50</u>		<u>13,156,466.10</u>
Government Activities Capital Assets, Net	<u>\$ 11,443,130.10</u>	<u>\$ 1,913,781.50</u>	<u>\$ -</u>	<u>\$ 13,356,911.60</u>
	To A-1			To A-1
Business-type Activities - Equipment	277,060.02			277,060.02
Less Accumulated Depreciation	(198,455.57)	(2,131.78)		(200,587.35)
Business-type Activities Capital Assets, Net	<u>\$ 78,604.45</u>	<u>\$ (2,131.78)</u>	<u>\$ -</u>	<u>\$ 76,472.67</u>

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

9. CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,602.00
Special Education Instruction	8,524.02
Student and Instruction related Services	8,107.27
General Administration	620.00
School Administration	682.41
Plant Operations and Maintenance	79,234.61
Pupil Transportation	71,956.30
Unallocated	<u>460,416.58</u>
Total	<u>\$631,143.19</u>

On January 11, 2001, the N.J. Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey was increased to \$2,000. The previous threshold was \$500.

10. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	\$ 2,202,000.00		\$ 130,000.00	\$ 2,072,000.00	\$ 130,000.00	\$ 1,942,000.00
Total Bonds Payable	2,202,000.00		130,000.00	2,072,000.00	130,000.00	1,942,000.00
Other Liabilities:						
Obligations under Capital Lease						
Compensated Absences Payable	243,636.61	8,565.74		252,202.35	-	252,202.35
Total Other Liabilities	<u>\$ 2,445,636.61</u>	<u>\$ 8,565.74</u>	<u>\$ 130,000.00</u>	<u>\$ 2,324,202.35</u>	<u>\$ 130,000.00</u>	<u>\$ 2,194,202.35</u>
						To A-1
Business-Type Activities:						
Compensated Absences Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2015, the District had no authorized but not issued bonds.

Debt Service Requirements

On June 18, 2013, the Board entered the bond market to finance the Roof Replacement at the Mary F. Janvier Elementary School in the amount of \$2,332,000. The delivery date of the Bonds was July 2, 2014, of which, the future principal and interest payments are as follows:

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

10. LONG-TERM OBLIGATIONS

Debt Service Requirements (continued)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 \$	130,000 \$	56,660.00 \$	186,660.00
2017	135,000	54,060.00	189,060.00
2018	140,000	51,360.00	191,360.00
2019	145,000	48,560.00	193,560.00
2020	150,000	45,660.00	195,660.00
2021	155,000	41,160.00	196,160.00
2022	155,000	36,510.00	191,510.00
2023	165,000	31,860.00	196,860.00
2024	170,000	26,910.00	196,910.00
2025	175,000	21,810.00	196,810.00
2026	180,000	16,560.00	196,560.00
2027	185,000	11,160.00	196,160.00
2028	187,000	5,610.00	192,610.00
Total	\$ 2,072,000 \$	447,880.00 \$	2,519,880.00

Capital Lease

Subsequent to June 30, 2015, Chrome Books were purchased through a Capital Lease in the amount of \$151,448.75. The minimum future lease payments, including interest, are as follows

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 \$	52,952.54 \$	-	52,952.54
2017	48,052.93	4,899.61	52,952.54
2018	50,443.28	2,509.26	52,952.54
Total	\$ 151,448.75 \$	7,408.87 \$	158,857.62

11. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at a fair value.

For the year ended June 30, 2015, the District recognized pension expense of \$2,156,367 and revenue of \$2,156,367 for support provided by the State. At June 30, 2015, the District did not report any deferred outflows of resources and deferred inflows of resources related to pensions.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2015, the District recognized pension expense of \$344,878. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

11. PENSION PLANS (CONT'D)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	178,238	
Net difference between projected and actual earnings on pension plan investments		180,649
Changes in proportion and differences between District contributions and proportionate share of contributions	547,243	
District contributions subsequent to the measurement date	249,577	
Total	\$ 975,058	\$ 180,649

\$249,577 reported as deferred outflows of resources related to pensions resulting from the school district's project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Collective balances at June 30, 2013 and 2014 are as follows:

	6/30/2014	6/30/2013
Collective deferred outflows of resources	\$ 1,032,618,058	\$
Collective deferred inflows of resources	1,726,631,532	
Collective net pension liability	14,665,837,859	15,190,834,283
 District's Proportion	 0.030274305	 0.026884604

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

11. PENSION PLANS (CONT'D)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5 percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/15	\$ 249,577	100 %	\$ 249,577
6/30/14	202,570	100	202,570
6/30/13	233,536	100	233,536

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/15	\$1,117,221	100 %	\$ 0
6/30/14	837,275	100	0
6/30/13	1,035,217	100	0

During the fiscal year ended June 30, 2015, there was a contribution by the State of New Jersey to the TPAF for pension contributions of \$431,776 and post-retirement benefits on behalf of the District in the amount of \$685,445. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$610,879 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as revenues and expenditures in accordance with GASB 24.

12. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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. P.L. 2007, c.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 receiving 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 P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

12. POST-RETIREMENT BENEFITS (Cont'd)

The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

13. 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. The District has chosen to purchase insurance to transfer risks to outside parties.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Financial Report.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions/ Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	None	\$ 15,450.93	\$ 9,247.10	\$322,664.35
2013-2014	None	22,209.38	37,254.12	316,460.50
2012-2013	None	21,830.66	66,042.68	331,505.24

14. DEFERRED COMPENSATION

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

Met Life	Ameriprise	Vanguard Group
American General Securities	Lincoln Investment	Voya Financial
Aspire Financial Services	Axa Equitable	

15. FUND EQUITY

General Fund - Of the \$2,590,480.58 General Fund balance at June 30, 2015, \$94,697.01 is restricted and committed for encumbrances; \$1,730,000.00 has been restricted in the Capital Reserve Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$1,078,306 has been restricted in the Maintenance Reserve, of which \$591,040.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$87,804.00 is restricted as excess surplus in accordance with N.J.S.A. 08A:7F-7 none of which has been appropriated and included as anticipated revenue for the year ending June 30, 2016; No other amount has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2016 and there is a Deficit in unrestricted unassigned fund balance of (\$400,326.43).

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

15. FUND EQUITY (Cont'd)

The above amounts exclude the 19th and 20th state aid payments, in the amount of \$831,864.00 which was not received until July 2015 versus \$818,757.00 at June 30, 2014.

Debt Service Fund - The Debt Service Fund balance at June 30, 2015 is \$320.89, which has been assigned, appropriated and included as anticipated revenue for the year ended June 30, 2016.

16. LITIGATION

Per the Solicitor, there is one complaint that has been filed in Superior Court on behalf of a student, of which the insurance carrier is representing the District and no material exposure appears evident.

The administration and legal council are not aware of any other matters pending or threatened, which are likely to have a material adverse effect on the financial position of the District.

17. SENDING RECEIVING CONTRACT

The District continues to operate under an agreement with the Newfield Board of Education to accept elementary students.

18. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is \$87,804 in excess fund balance at June 30, 2015, which must be appropriated in the 2016-17 budget.

19. DEFICIT FUND BALANCES

The District had deficit fund balance in the General Fund and none in the Special Revenue Fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP fund statements in the General Fund is less than the last two state aid payments.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2015**

20. SUBSEQUENT EVENTS

During our procedures to inquire into event subsequent to June 10, 2015, we became aware that there is an unresolved difference between the 2015-16 tuition costs, as calculated in the Budgets of Newfield School District versus Delsea Regional School District and the Franklin Township School District.

The tuition shortfall in the adapted 2015-16 Newfield School District Budget is as follows:

Delsea Regional School District	\$ 297,745
Franklin Township School District	\$ 260,399

21. RETRO ACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period

The District adopted GASB No. 68 - Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71- Pension Transition for Contributions Made Subsequent to the Measurement Date, the district restated to its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Beginning net position as previously reported at June 30, 2014	\$13,265,059.35
Prior Period Adjustment - Implementation GASB 68:	
Net Pension Liability (measurement date)	(5,138,182.00)
Net Deferred Outflows	<u>202,570.00</u>
Net Position as restated, July 1, 2014	<u>\$ 8,329,447.35</u>

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 9,810,740.00	\$	\$ 9,810,740.00	\$ 9,810,740.00	\$
Tuition - Other LEAs	1,281,358.00		1,281,358.00	1,339,719.19	58,361.19
Transportation Fees from Other LEAs	80,600.00		80,600.00	109,816.85	29,216.85
Interest on Investments	6,500.00		6,500.00	19,435.96	12,935.96
Interest on Capital Reserve Account				799.28	799.28
Miscellaneous				103,612.05	103,612.05
Total Revenues - Local Sources	11,179,198.00		11,179,198.00	11,384,123.33	204,925.33
State Sources:					
Categorical Special Education	725,636.00		725,636.00	725,636.00	
Transportation Aid	381,399.00		381,399.00	381,399.00	
Equalization Aid	7,422,943.00		7,422,943.00	7,422,943.00	
Categorical Security Aid	173,504.00		173,504.00	173,504.00	
PARCC Readiness Aid	12,550.00		12,550.00	12,550.00	
Per Pupil Growth Aid	12,550.00		12,550.00	12,550.00	
Other State Aids - Out of Cap					
Extraordinary Aid	123,285.00		123,285.00	91,250.00	(32,035.00)
Non-Public Transportation Aid				16,022.00	16,022.00
On-behalf TPAF - Post Ret. Med (non-budgeted)				685,445.00	685,445.00
On-behalf TPAF Pension Contribution (non-budgeted)				431,776.00	431,776.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				610,879.64	610,879.64
Total Revenues - State Sources	8,851,867.00		8,851,867.00	10,563,954.64	1,712,087.64
Federal Sources:					
Medicaid (Semi)	21,259.00		21,259.00	10,525.45	(10,733.55)
Total Revenues - Federal Sources	21,259.00		21,259.00	10,525.45	(10,733.55)
Total Revenues	20,052,324.00		20,052,324.00	21,958,603.42	1,906,279.42
EXPENDITURES					
CURRENT EXPENSE:					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool/Kindergarten	616,410.00	(12,765.88)	603,644.12	603,644.12	
Grades 1-5	3,401,706.00	(35,806.27)	3,365,899.73	3,365,899.73	
Grades 6-8	689,606.00	(131,899.55)	557,706.45	557,706.45	
Home Instruction:					
Salaries of Teachers	4,832.00	(2,150.00)	2,682.00	2,682.00	
Purchased Professional-Educational Services	2,000.00	1,008.00	3,008.00	2,999.52	8.48
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	7,000.00	3,000.00	10,000.00	6,491.29	3,508.71
Other Purchased Services	108,630.00	5,100.00	113,730.00	93,134.65	20,595.35
General Supplies	626,839.00	23,221.28	650,060.28	513,480.38	136,579.90
Textbooks	3,500.00	(2,500.00)	1,000.00		1,000.00
Other Objects	36,910.00	3,064.00	39,974.00	33,644.00	6,330.00
Total Regular Programs	5,497,433.00	(149,728.42)	5,347,704.58	5,179,682.14	168,022.44
Special Education - Instruction					
Learning and/or Language Disabilities:					
Salaries of Teachers	148,371.00	15,808.00	164,179.00	164,179.00	
Other Salaries for Instruction	87,789.00	21,581.07	109,370.07	109,370.07	
General Supplies	5,048.00	(2,100.00)	2,948.00	1,422.87	1,525.13
Total Learning and/or Language Disabilities	241,208.00	35,289.07	276,497.07	274,971.94	1,525.13
Multiple Disabilities:					
Salaries of Teachers	150,168.00	(45,105.94)	105,062.06	105,062.06	
Other Salaries for Instruction	55,424.00	(24,860.50)	30,563.50	30,563.50	
General Supplies	4,373.00	(1,041.39)	3,331.61	1,442.17	1,889.44
Textbooks	400.00		400.00		400.00
Total Multiple Disabilities	210,365.00	(71,007.83)	139,357.17	137,067.73	2,289.44

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,014,701.00	\$ (9,038.82)	\$ 1,005,662.18	\$ 1,005,662.18	\$
Other Salaries for Instruction	106,105.00	6,679.25	112,784.25	112,784.25	
General Supplies	4,194.00	1,041.39	5,235.39	5,095.40	139.99
Total Resource Room/Resource Center	1,125,000.00	(1,318.18)	1,123,681.82	1,123,541.83	139.99
Preschool Disabilities - Part Time:					
Salaries of Teachers	109,656.00	(10,243.01)	99,412.99	99,412.99	
Other Salaries For Instruction	39,469.00	1,460.36	40,929.36	40,929.36	
General Supplies	2,350.00	2,483.46	4,833.46	4,769.75	63.71
Total Preschool Disabilities - Part Time	151,475.00	(6,299.19)	145,175.81	145,112.10	63.71
Home Instruction:					
Salaries of Teachers	4,500.00	(2,022.36)	2,477.64		2,477.64
Purchased Professional - Educational Services	7,680.00		7,680.00		7,680.00
Other Purchased Services	150.00		150.00		150.00
Total Home Instruction	12,330.00	(2,022.36)	10,307.64		10,307.64
Total Special Education - Instruction	1,740,378.00	(45,358.49)	1,695,019.51	1,680,693.60	14,325.91
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	497,218.00	8,523.14	505,741.14	491,402.23	14,338.91
Total Basic Skills/Remedial - Instruction	497,218.00	8,523.14	505,741.14	491,402.23	14,338.91
Bilingual Education - Instruction:					
Salaries of Teachers		24,074.02	24,074.02	24,073.40	0.62
General Supplies		194.00	194.00	194.00	
Total Bilingual Education - Instruction		24,268.02	24,268.02	24,267.40	0.62
School Sponsored Co-curricular Activities - Instruction:					
Salaries	15,440.00		15,440.00	15,020.67	419.33
General Supplies	6,000.00		6,000.00		6,000.00
Total School Sponsored Co-curricular Activities - Instruction	21,440.00		21,440.00	15,020.67	6,419.33
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	158,359.00	27,600.00	185,959.00	185,959.00	
Total Other Supplemental/At-Risk Programs-Instruction	158,359.00	27,600.00	185,959.00	185,959.00	
Total - Instruction	7,914,828.00	(134,695.75)	7,780,132.25	7,577,025.04	203,107.21
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within State-Special	22,055.00	(3,623.51)	18,431.49	3,519.18	14,912.31
Tuition - Other LEAs Within State-Regular		99,508.00	99,508.00	68,502.28	31,005.72
Tuition - CSSD & Regional Day Schools	465,967.00	(180,562.00)	285,405.00	274,720.00	10,685.00
Tuition - Private Schools/Disabled Within State	357,144.00	98,346.69	455,490.69	421,643.36	33,847.33
Tuition - Private Schools/Disabled Other LEA's out-state	89,170.00	500.00	89,670.00	89,475.00	195.00
Total Undistributed Expenditures - Instruction	934,336.00	14,169.18	948,505.18	857,859.82	90,645.36
Attendance and Social Work Services:					
Salaries	10,976.00	(71.00)	10,905.00	10,905.00	
Other Purchased Services	2,860.00		2,860.00	135.47	2,724.53
Total Attendance and Social Work Services	13,836.00	(71.00)	13,765.00	11,040.47	2,724.53
Health Services:					
Salaries	206,358.00	4,577.62	210,935.62	208,636.43	2,299.19
Purchased Professional and Technical Services	13,000.00		13,000.00	12,000.00	1,000.00
Other Purchased Services	325.00		325.00	240.50	84.50
Supplies and Materials	9,865.00	2,054.86	11,919.86	7,011.30	4,908.56
Total Health Services	229,548.00	6,632.48	236,180.48	227,888.23	8,292.25

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Students - Related Services:					
Salaries	\$ 396,777.00	\$ (6,396.00)	\$ 390,381.00	\$ 367,112.10	\$ 23,268.90
Purchased Professional - Educational Services	65,798.00	(241.45)	65,556.55	52,486.50	13,070.05
Supplies and Materials	5,125.00	241.45	5,366.45	5,343.06	23.39
Total Other Support Services - Students - Related Services	467,700.00	(6,396.00)	461,304.00	424,941.66	36,362.34
Special Education - Extraordinary Services:					
Salaries	36,966.00	22,718.15	59,684.15	52,940.50	6,743.65
Purchased Professional-Educational Services	14,074.00		14,074.00	11,461.50	2,612.50
Supplies and Materials	4,000.00	343.85	4,343.85	3,446.84	897.01
Total Special Education - Extraordinary Services	55,040.00	23,062.00	78,102.00	67,848.84	10,253.16
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	59,453.00	14,820.31	74,273.31	73,903.92	369.39
Other Salaries	1,008.00		1,008.00		1,008.00
Other Purchased Professional and Technical Services	5,878.00		5,878.00		5,878.00
Other Purchased Services	1,100.00		1,100.00	1,100.00	
Supplies and Materials	4,509.00		4,509.00	323.38	4,185.62
Total Other Support Services - Students - Regular	71,948.00	14,820.31	86,768.31	75,327.30	11,441.01
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	356,254.00	(54,184.00)	302,070.00	302,070.00	
Salaries of Secretarial and Clerical Assistants	40,070.00	(38.96)	40,031.04	40,031.04	
Other Purchased Professional and Technical Services	13,764.00	3,300.00	17,064.00	13,717.55	3,346.45
Miscellaneous Purchased Services	29,600.00		29,600.00	12,628.69	16,971.31
Supplies and Materials	7,375.00		7,375.00	6,904.72	470.28
Other Objects	2,100.00		2,100.00	820.00	1,280.00
Total Other Support Services - Students - Special Services	449,163.00	(50,922.96)	398,240.04	376,172.00	22,068.04
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	165,420.00	5,430.00	170,850.00	170,849.92	0.08
Salaries of Secretarial and Clerical Assistants	29,360.00	(28.88)	29,331.12	29,331.12	
Other Salaries	4,120.00	(1,024.00)	3,096.00	3,096.00	
Salaries of Facilitators, Math & Literacy Coaches	105,606.00	3,000.00	108,606.00	100,783.05	7,822.95
Other Purchased Professional and Technical Services	3,500.00	3,063.00	6,563.00	6,562.65	0.35
Other Purchased Services	1,000.00	1.00	1,001.00	1,000.68	0.32
Supplies and Materials	2,500.00	(1.00)	2,499.00	311.64	2,187.36
Other Objects	3,235.00		3,235.00	1,921.50	1,313.50
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	314,741.00	10,440.12	325,181.12	313,856.56	11,324.56
Educational Media Services/School Library:					
Salaries	100,683.00	(4,602.85)	96,080.15	95,005.15	1,075.00
Supplies and Materials	13,535.00	166.87	13,701.87	12,698.21	1,003.66
Total Educational Media Services/School Library	114,218.00	(4,435.98)	109,782.02	107,703.36	2,078.66
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	10,400.00	(1,399.92)	9,000.08	9,000.08	
Other Salaries	51,842.00	(20,540.00)	31,302.00	1,630.00	29,672.00
Purchased Professional - Educational Services	2,800.00		2,800.00	1,609.00	1,191.00
Other Purchased Professional and Tech Services	5,750.00	117.75	5,867.75	841.58	5,026.17
Other Purchased Services	8,250.00	(3,131.41)	5,118.59	1,926.06	3,192.53
Supplies and Materials	9,190.00	1,200.00	10,390.00	7,014.60	3,375.40
Total Instructional Staff Training Services	88,232.00	(23,753.58)	64,478.42	22,021.32	42,457.10
Support Services General Administration:					
Salaries	231,373.00	(2,809.86)	228,563.14	228,563.14	
Legal Services	39,000.00	(5,400.00)	33,600.00	21,615.64	11,984.36
Audit Fees	15,177.00		15,177.00	15,177.00	
Architectural/Engineering Services	2,500.00	2,800.00	5,300.00	3,800.00	1,500.00
Other Purchased Professional Services	11,152.00	15,400.00	26,552.00	23,775.38	2,776.62
Purchased Technical Services	13,200.00		13,200.00	4,181.00	9,019.00
Communications/Telephone	38,728.00	3,000.00	41,728.00	36,149.57	5,578.43
BOE Other Purchased Services	1,350.00	1,000.00	2,350.00	1,450.00	900.00
Other Purchased Services	77,686.00	(11,598.00)	66,088.00	44,891.48	21,196.52
General Supplies	16,750.00		16,750.00	6,037.42	10,712.58
Miscellaneous Expenditures	7,750.00		7,750.00	4,894.63	2,855.37
BOE Membership Dues and Fees	9,830.00		9,830.00	9,046.02	783.98
Total Support Services General Administration	464,496.00	2,392.14	466,888.14	399,581.28	67,306.86

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
Support Services School Administration:					
Salaries of Principals/Assistant Principals	\$ 428,304.00	\$ 15,791.63	\$ 444,095.63	\$ 423,263.78	\$ 20,831.85
Salaries of Secretarial and Clerical Assistants	106,169.00	1,454.47	107,623.47	107,623.47	
Other Purchased Services	7,813.00		7,813.00	7,813.00	6,120.52
Supplies and Materials	15,090.00		15,090.00	12,218.39	2,871.61
Other Objects	6,935.00	2,271.99	9,206.99	8,439.33	767.66
Total Support Services School Administration	564,311.00	19,518.09	583,829.09	553,237.45	30,591.64
Central Services:					
Salaries	295,380.00	(11,095.75)	284,284.25	284,284.25	
Purchased Professional Services	3,700.00		3,700.00	3,700.00	
Purchased Technical Services	13,821.00	10,719.00	24,540.00	24,540.00	
Miscellaneous Purchased Services	4,272.00	(3,293.64)	978.36	958.37	19.99
Supplies and Materials	4,115.00	1,627.99	5,742.99	5,736.86	6.13
Other Objects	2,150.00	(1,059.87)	1,090.13	1,090.00	0.13
Total Central Services	323,438.00	(3,102.27)	320,335.73	320,309.48	26.25
Administration Information Technology:					
Salaries	10,000.00	(2,277.44)	7,722.56	3,760.08	3,962.48
Purchased Technical Services	90,000.00		90,000.00	90,000.00	
Total Administration Information Technology	100,000.00	(2,277.44)	97,722.56	93,760.08	3,962.48
Required Maintenance for School Facilities:					
Salaries	137,160.00	(3,812.69)	133,347.31	133,222.56	124.75
Cleaning, Repair and Maintenance Services	159,400.00	12,100.00	171,500.00	136,183.83	35,316.17
General Supplies	46,150.00	960.00	47,110.00	18,010.50	29,099.50
Total Allowable Maintenance for School Facilities	342,710.00	9,247.31	351,957.31	287,416.89	64,540.42
Other Operation and Maintenance of Plant Services:					
Salaries	632,654.00	(2,693.33)	629,960.67	622,191.95	7,768.72
Salaries of Non-Instructional Aides	43,725.00	451.85	44,176.85	40,341.80	3,835.05
Purchased Professional and Technical Services	24,000.00	(2,500.00)	21,500.00	11,386.00	10,114.00
Cleaning, Repair and Maintenance Services	39,986.00		39,986.00	27,027.62	12,958.38
Other Purchased Property Services	1,345.00		1,345.00	189.00	1,156.00
Insurance	119,480.00		119,480.00	116,403.00	3,077.00
Miscellaneous Purchased Services	1,150.00		1,150.00	35.00	1,115.00
General Supplies	106,862.00	(159.55)	106,702.45	74,399.85	32,302.60
Energy (Electricity)	126,498.00	24,971.30	151,469.30	148,954.94	2,514.36
Energy (Natural Gas)	273,034.00	(3,466.30)	269,567.70	259,827.49	9,740.21
Other Objects	3,120.00	3,500.00	6,620.00	5,584.25	1,035.75
Total Other Operation and Maintenance of Plant Services	1,371,854.00	20,103.97	1,391,957.97	1,306,340.90	85,617.07
Care and Upkeep of Grounds:					
Salaries	84,546.00	(5,308.29)	79,237.71	79,237.71	
Cleaning, Repair and Maintenance Services	500.00		500.00		500.00
General Supplies	11,000.00		11,000.00	7,970.27	3,029.73
Total Care and Upkeep of Grounds	96,046.00	(5,308.29)	90,737.71	87,207.98	3,529.73
Security:					
Cleaning, Repair and Maintenance Services	15,000.00		15,000.00	7,429.00	7,571.00
General Supplies	10,125.00		10,125.00	6,169.00	3,956.00
	25,125.00		25,125.00	13,598.00	11,527.00
Total Operation and Maintenance of Plant Services	1,835,735.00	24,042.99	1,859,777.99	1,694,563.77	165,214.22
Student Transportation Services:					
Salaries - Between Home & School - Regular	619,226.00	74,116.30	693,342.30	693,342.30	
Salaries - Between Home & School - Special	317,305.00	(21,210.96)	296,094.04	270,268.68	25,825.36
Salaries - Other Than Home & School	9,975.00	727.77	10,702.77	2,592.19	8,110.58
Other Purchased Professional and Technical Services	1,300.00	10,500.00	11,800.00	8,733.29	3,066.71
Cleaning, Repair and Maintenance Services	7,350.00	37,000.00	44,350.00	26,754.35	17,595.65
Contracted Services (not Home/School) - Vendors		1,650.00	1,650.00	1,650.00	
Contracted Services (Home/School) - Joint Agreements	66,300.00	108,201.36	174,501.36	174,501.36	
Contracted Services (Special Ed) - Joint Agreements	96,891.00	117,668.29	214,559.29	214,559.29	
Contracted Services (Special Ed) - ESCs	1,000.00	(1,000.00)			
Contracted Serv.-Aid in Lieu of Payments-Non-Pub Sch	22,100.00	2,141.16	24,241.16	23,612.58	628.58
Contracted Serv-Aid in Lieu of Payments-Charter School	1,768.00	(1,766.16)	1.84		1.84
Miscellaneous Purchased Services - Transportation	53,727.00	4,000.00	57,727.00	57,327.00	400.00
General Supplies	1,350.00	19,812.66	21,162.66	18,749.16	2,413.50
Transportation Supplies	361,486.00	(53,814.80)	307,671.20	299,423.85	8,247.35
Other Objects	2,000.00	1,450.00	3,450.00	3,062.48	387.52
Total Student Transportation Services	1,561,778.00	299,475.62	1,861,253.62	1,794,576.53	66,677.09

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 236,000.00	\$ 10,825.27	\$ 246,825.27	\$ 238,084.91	\$ 8,740.36
Other Retirement Contributions - PERS	295,085.00	(45,500.00)	249,585.00	249,577.00	8.00
Other Retirement Contributions - Regular	12,000.00	3.18	12,003.18	12,003.18	
Unemployment Compensation	30,500.00	(7,030.00)	23,470.00		23,470.00
Workmen's Compensation	179,354.00	(3,000.00)	176,354.00	176,196.22	157.78
Health Benefits	3,441,126.00	32,614.13	3,473,740.13	3,409,687.62	64,052.51
Tuition Reimbursement	14,400.00	7,628.00	22,028.00	22,015.00	13.00
Other Employee Benefits	76,410.00	2,176.71	78,586.71	78,033.30	553.41
Total Unallocated Benefits	4,284,875.00	(2,282.71)	4,282,592.29	4,185,597.23	96,995.06
On-behalf TPAF Pension Contributions (non-budgeted)				431,776.00	(431,776.00)
On-behalf TPAF Pension Cont - Post Ret. Med (non-budgeted)				685,445.00	(685,445.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				610,879.64	(610,879.64)
Total Undistributed Expenditures	11,873,395.00	321,310.99	12,194,705.99	13,254,386.02	(1,059,680.03)
Total Expenditures - Current Expenses	19,788,223.00	186,615.24	19,974,838.24	20,831,411.06	(856,572.82)
CAPITAL OUTLAY:					
Special Education - Instruction:					
Preschool Disabilities - Part-Time		75,100.41	75,100.41	75,100.41	
Equipment:					
Grades 1-5					
Undistributed Expenditures:					
School Administration					
Required Maintenance for School Facilities		117,318.69	117,318.69	116,489.67	829.02
Care and Upkeep of Grounds		58,437.00	58,437.00	58,437.00	
Security		68,030.00	68,030.00	68,030.00	
Student Transportation-School Buses-Regular		161,887.50	161,887.50	161,348.30	539.20
Student Transportation-School Buses-Special	55,000.00	3,753.00	58,753.00		58,753.00
Total Equipment	55,000.00	484,526.60	539,526.60	479,405.38	60,121.22
Facilities Acquisition and Construction Services:					
Construction Services	250,000.00	(61,847.00)	188,153.00	47,669.25	140,483.75
Other Objects - Assessment for SDA Debt Service	8,491.00		8,491.00	8,491.00	
Total Facilities Acquisition and Construction Services	258,491.00	(61,847.00)	196,644.00	56,160.25	140,483.75
Total Capital Outlay	313,491.00	422,679.60	736,170.60	535,565.63	200,604.97
Total Expenditures	20,101,714.00	609,294.84	20,711,008.84	21,366,976.69	(655,967.85)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(49,390.00)	(609,294.84)	(658,684.84)	591,626.73	1,250,311.57
Other Financing Sources (Uses):					
Capital Outlay Transferred to Capital Projects Fund	(359,987.00)		(359,987.00)	(359,987.00)	
Capital Reserve Transferred to Capital Projects Fund	(776,943.00)		(776,943.00)	(776,943.00)	
Transfer to Charter School	(13,488.00)	13,488.00			
Total Other Financing Sources (Uses)	(1,150,418.00)	13,488.00	(1,136,930.00)	(1,136,930.00)	
Excess (Deficiency) of Revenues and					
Other Financing Sources Over (Under)					
Expenditures and Other Financing Uses	(1,199,808.00)	(595,806.84)	(1,795,614.84)	(545,303.27)	1,250,311.57
Fund Balance, July 1	3,967,647.85		3,967,647.85	3,967,647.85	
Fund Balance, June 30	\$ 2,767,839.85	\$ (595,806.84)	\$ 2,172,033.01	\$ 3,422,344.58	\$ 1,250,311.57
Recapitulation of Fund Balances:					
Restricted Fund Balance:					
Maintenance Reserve Account				\$ 487,266.00	
Maintenance Reserve Account - Withdrawn in 2015-2016				591,040.00	
Capital Reserve Account				1,730,000.00	
Excess surplus				87,804.00	
Committed to Year - End Encumbrances				94,697.01	
Unassigned - Fund Balance				431,537.57	
				3,422,344.58	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(831,864.00)	
Fund balance per governmental funds (GAAP)				\$ 2,590,480.58	

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$	\$ 0.00	\$ 0.00	\$ 3,000.00	\$ 3,000.00
State Sources					
Federal Sources		720,711.00	720,711.00	663,071.42	(57,639.58)
Total Revenues	0.00	720,711.00	720,711.00	666,071.42	(54,639.58)
EXPENDITURES					
Instruction					
Salaries of Teachers		209,472.00	209,472.00	203,614.54	5,857.46
Purchase Prof/Tech Services		0.00	0.00		0.00
Other Purchased Services		368,755.00	368,755.00	368,755.00	0.00
Supplies and Materials		25,889.00	25,889.00	16,325.55	9,563.45
Total Instruction	0.00	604,116.00	604,116.00	588,695.09	15,420.91
Support Services					
Salaries		31,723.00	31,723.00	22,361.65	9,361.35
Personal Services - Employee Benefits		50,860.00	50,860.00	32,727.58	18,132.42
Purchased Prof.-Tech. Services		20,448.00	20,448.00	12,446.85	8,001.15
Other Purchased Services		8,909.00	8,909.00	7,089.00	1,820.00
Other Purchased Services - Non-Public		0.00	0.00	0.00	0.00
Supplies & Materials		4,655.00	4,655.00	2,751.25	1,903.75
Other Objects		0.00	0.00		0.00
Total Support Services	0.00	116,595.00	116,595.00	77,376.33	39,218.67
Facilities Acquisition and Construction Services					
Non-Instructional Equipment	0.00	0.00	0.00	0.00	0.00
Total Facilities Acquisition and Construction Services	0.00	0.00	0.00	0.00	0.00
Total Expenditures	0.00	720,711.00	720,711.00	666,071.42	54,639.58
Total Outflows	0.00	720,711.00	720,711.00	666,071.42	54,639.58
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) \$	\$	\$	\$	\$	\$

NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
As of June 30, 2015
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule	[C-1] \$ 21,958,603.42	[C-2] \$ 666,071.42
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. - Prior Year		7,986.41
- Current Year		(265.60)
 Last state aid payment recognized for 13/14 is not recognized as revenue for budgetary purposes, and differs from GAAP which recognizes this revenue in the subsequent year when the state recognizes the related expense (GASB 33).	818,757.00	
Last state aid payment recognized for 14/15 is not recognized as revenue for budgetary purposes, and differs from GAAP which recognizes this revenue in the subsequent year when the state recognizes the related expense (GASB 33).	(831,864.00)	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	[B-2] \$ 21,945,496.42	[B-2] \$ 673,792.23
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 21,366,976.69	[C-2] \$ 666,071.42
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		7,720.81
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund		
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	[B-2] \$ 21,366,976.69	[B-2] \$ 673,792.23

REQUIRED SUPPLEMENTARY INFORMATION - PART III

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Schedules of Required Supplementary Information Part III

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Public Employee's Retirement System

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.03027%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,668,178
District's Covered-Employee Payroll	\$ 2,206,556
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	256.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Schedules of Required Supplementary Information Part III
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System

	<u>2014</u>
Contractually Required Contribution	\$ 249,577
Contributions in Relation to the Contractually Required Contribution	<u>(249,577)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
 District's Covered-Employee Payroll	 \$ 2,206,556
 Contributions as a Percentage of Covered-Employee Payroll	 11.31%

SCHEDULE L-3

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Schedules of Required Supplementary Information Part III

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Teachers Pension Plan

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.07498%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 30,047
District's Covered-Employee Payroll	\$ 8,257,771
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	0.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules**

For the Fiscal Year Ended June 30, 2015

Teachers' Pension and Annuity Fund (TPAF)

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

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 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.

Change of assumptions. 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.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Combining Schedule of Revenues and Expenditures
Special Revenue Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	<u>Title I-A</u>	<u>Title I-A Carryover</u>	<u>Title II-A</u>	<u>Title II-A Carryover</u>
REVENUES:				
Other Sources	\$	\$	\$	\$
State Sources				
Federal Sources	235,657.94		58,658.48	
Total Revenues	<u>235,657.94</u>		<u>58,658.48</u>	
EXPENDITURES:				
Instruction:				
Salaries of Teachers	190,490.16		13,124.38	
Other Purchased Services				
Supplies & Materials	13,325.55			
Total Instruction	<u>203,815.71</u>		<u>13,124.38</u>	
Support Services:				
Salaries	671.00		21,690.65	
Personnel Services - Employee Benefits	30,064.23		2,663.35	
Purchased Professional - Technical Services			12,446.85	
Other Purchased Services (400-500 series)	1,107.00		5,982.00	
Other Purchased Services Nonpublic				
Supplies and Materials			2,751.25	
Other Objects				
Total Support Services	<u>31,842.23</u>		<u>45,534.10</u>	
Facilities Acquisition and Construction Services				
Instructional Equipment				
Non Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	<u>235,657.94</u>		<u>58,658.48</u>	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Combining Schedule of Revenues and Expenditures
Special Revenue Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for June 30, 2014)

	IDEA Part B	IDEA Part B	Exxon	Total	
	Basic Reg. Prog.	Preschool	Mobile Grant	2015	2014
REVENUES:					
Other Sources	\$	\$	\$ 3,000.00	\$ 3,000.00	\$ 7,414.00
State Sources					
Federal Sources	348,221.00	20,534.00		663,071.42	735,127.14
Total Revenues	348,221.00	20,534.00	3,000.00	666,071.42	742,541.14
EXPENDITURES:					
Instruction:					
Salaries of Teachers				203,614.54	251,252.50
Other Purchased Services	348,221.00	20,534.00		368,755.00	422,016.00
Supplies & Materials			3,000.00	16,325.55	6,930.18
Total Instruction	348,221.00	20,534.00	3,000.00	588,695.09	680,198.68
Support Services:					
Salaries				22,361.65	31,181.55
Personnel Services - Employee Benefits				32,727.58	28,125.59
Purchased Professional - Technical Services				12,446.85	3,600.00
Other Purchased Services (400-500 series)				7,089.00	9,171.00
Other Purchased Services Nonpublic				0.00	2,396.00
Supplies and Materials				2,751.25	364.04
Other Objects					278.00
Total Support Services				77,376.33	75,116.18
Facilities Acquisition and Construction Services					
Non Instructional Equipment					7,414.00
Total Facilities Acquisition and Construction Services					7,414.00
Total Expenditures	348,221.00	20,534.00	3,000.00	666,071.42	762,728.86
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Number</u>	<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance 6/30/15</u>	<u>Memo Only</u>	
		<u>Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>		<u>Encumbrances</u>	<u>Available Balance</u>
2013	Replacement of Roof and Various Upgrades to the Heating, Ventilation and Air Conditioning System at the Mary F. Janvier Elementary School	\$ 2,332,440.00	\$ 1,969,417.06	\$	\$ 363,022.94	\$	\$ 363,022.94
	Replacement of Roof and Various Upgrades to the Heating, Ventilation and Air Conditioning System at the Main Road Elementary School	2,328,702.90	1,587,433.73	80,906.90	660,362.27		660,362.27
	Roof and HVAC Replacement at Caroline L. Reutter Elementary School	2,160,720.00		1,929,529.16	231,190.84		231,190.84
		<u>\$ 6,821,862.90</u>	<u>\$ 3,556,850.79</u>	<u>\$ 2,010,436.06</u>	<u>\$ 1,254,576.05</u>	<u>\$</u>	<u>\$ 1,254,576.05</u>
	Unearned SDA Aid				113,154.71		
	Restricted Balance				1,141,421.34		
					<u>1,254,576.05</u>		

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOER THE YEAR ENDED JUNE 30, 2015

**Revenues and Other Financing
Sources**

Transfer from Capital Reserve	\$ 1,136,930.00
NJSDA State Share	1,023,790.00
	<hr/>
Total revenues	2,160,720.00
	<hr/>

**Expenditures and Other Financing
Uses**

Architectural and Engineering Services	144,047.90
Other Professional and Technical Services	62,789.80
Construction services	1,803,598.36
	<hr/>
Total expenditures	2,010,436.06
	<hr/>

Excess (deficiency) of revenues over (under) expenditures	150,283.94
Fund Balance - beginning	1,104,292.11
	<hr/>
Fund Balance - ending	\$ 1,254,576.05
	<hr/> <hr/>

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

Renovations to Mary F. Janvier and Main Road Schools

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 2,328,702.90	\$	\$ 2,328,702.90	\$ 2,328,702.90
Transfer from General Fund	440.00		440.00	440.00
Bond Proceeds & Transfers	2,332,000.00		2,332,000.00	2,332,000.00
Total revenues	4,661,142.90		4,661,142.90	4,661,142.90
Expenditures and Other Financing Uses				
Other Professional and Technical Services	394,226.52	24,789.80	419,016.32	454,950.00
Construction services	3,161,582.27	56,117.10	3,217,699.37	4,130,474.90
Other Objects	1,042.00		1,042.00	75,718.00
Total expenditures	3,556,850.79	80,906.90	3,637,757.69	4,661,142.90
Excess (deficiency) of revenues over (under) expenditures	\$ 1,104,292.11	\$ (80,906.90)	\$ 1,023,385.21	\$

Additional project information:

Project Number	4150-040-05-0ACQ
Grant date	N/A
Original Authorization Cost	\$4,660,704
Additional Authorized Cost	
Revised Authorized Cost	\$4,660,704
Percentage Decrease over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	9/6/2014

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

Roof and HVAC Repair at Caroline L. Reutter Elementary School

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$	\$ 1,136,930.00	\$ 1,136,930.00	\$ 1,136,930.00
State Sources - SDA Grant		1,023,790.00	1,023,790.00	1,023,790.00
Total revenues		2,160,720.00	2,160,720.00	2,160,720.00
Expenditures and Other Financing Uses				
Architectural/Engineering Services		144,047.90	144,047.90	144,048.00
Other Professional and Technical Services		38,000.00	38,000.00	38,000.00
Construction services		1,747,481.26	1,747,481.26	1,978,672.00
Other Objects				
Total expenditures	-	1,929,529.16	1,929,529.16	2,160,720.00
Excess (deficiency) of revenues over	\$	\$ 231,190.84	\$ 231,190.84	\$ -

Additional project information:

DOE Project Number	1590-070-13-1001
SDA Project Number	1590-070-13-GIPC
Grant #	G5-5138
Grant date	N/A
Original Authorization Cost	\$2,160,720
Additional Authorized Cost	
Revised Authorized Cost	\$2,160,720
Percentage Decrease over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	9/6/2014

PROPRIETARY FUNDS DETAIL STATEMENTS

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

Food Service Fund - This fund provides for the operation of food services in all schools within the school district.

Internal service funds are used to serve organizational units within the district or to serve other governmental units.

Gloucester County Educational Environmental Consortium - This District serves as the Treasurer for the Consortium.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Enterprise Fund
Food Services
Combining Schedule of Net Position
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS:		
Current Assets:		
Cash	\$ (7,758.22)	\$ 16,121.37
Accounts Receivable:		
State	1,231.04	808.43
Federal	59,932.15	23,673.44
Other	1,474.77	1,444.45
Inventories	20,102.30	16,538.54
	<u>74,982.04</u>	<u>58,586.23</u>
Fixed Assets:		
Equipment	277,060.02	277,060.02
Accumulated Depreciation	(200,587.35)	(198,455.57)
	<u>76,472.67</u>	<u>78,604.45</u>
Total Current Assets	<u>74,982.04</u>	<u>58,586.23</u>
Total Fixed Assets	<u>76,472.67</u>	<u>78,604.45</u>
Total Assets	<u>\$ 151,454.71</u>	<u>\$ 137,190.68</u>
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts Payable	\$ 1,820.25	\$ 42.76
Unearned Revenue	14,080.30	11,857.80
	<u>15,900.55</u>	<u>11,900.56</u>
Total Current Liabilities	<u>15,900.55</u>	<u>11,900.56</u>
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	76,472.67	0.00
Unreserved Retained Earnings	59,081.49	125,290.12
	<u>135,554.16</u>	<u>125,290.12</u>
Total NET POSITION	<u>135,554.16</u>	<u>125,290.12</u>
Total Liabilities and Net Position	<u>\$ 151,454.71</u>	<u>\$ 137,190.68</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Enterprise Fund
Food Services
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Local Sources		
Daily Sales - Reimbursable Programs:		
Lunch, Breakfast and Special Milk Program	\$ 162,710.65	\$ 174,182.19
Total - Daily Sales - Reimbursable Programs	<u>162,710.65</u>	<u>174,182.19</u>
Daily Sales Non-reimbursable Programs	<u>92,338.69</u>	<u>97,906.48</u>
Total Operating Revenue	<u>255,049.34</u>	<u>272,088.67</u>
OPERATING EXPENSES:		
Salaries	262,361.94	257,529.57
Employee Benefits	45,670.50	47,263.60
Purchased Property Services	28,785.12	28,499.94
Repairs and Other Expenses	30,107.17	21,848.43
Depreciation	2,131.78	8,597.28
Cost of Sales	243,269.97	260,523.81
Total Operating Expenses	<u>612,326.48</u>	<u>624,262.63</u>
Operating Income (Loss)	<u>(357,277.14)</u>	<u>(352,173.96)</u>
NON-OPERATING REVENUES:		
State Sources:		
State School Lunch Program	5,962.74	6,386.56
Federal Sources:		
National School Lunch Program	211,111.42	209,806.49
National School Breakfast Program	107,493.53	85,428.00
Special Milk Program	500.48	394.96
Food Distribution Program	42,473.01	41,191.05
Total Non-operating Revenues	<u>367,541.18</u>	<u>343,207.06</u>
Net Income (Loss) before Operating Transfers	<u>10,264.04</u>	<u>(8,966.90)</u>
OPERATING TRANSFERS:		
Net Income (Loss)	<u>10,264.04</u>	<u>(8,966.90)</u>
Net Position- July 1	<u>125,290.12</u>	<u>134,257.02</u>
Net Position - June 30	<u>\$ 135,554.16</u>	<u>\$ 125,290.12</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Enterprise Fund
Food Services
Combining Schedule of Cash Flows
For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 255,049.34	\$ 272,088.67
Payments to Employees and Employee Benefits	(308,032.44)	(304,793.17)
Payments to Suppliers	(295,964.66)	(283,087.66)
Net Cash Provided (Used) by Operating Activities	<u>(348,947.76)</u>	<u>(315,792.16)</u>
Cash Flows from Non-capital Financing Activities:		
Cash Received from General Fund		
Cash Received from State & Federal Reimbursements	325,068.17	302,016.01
Net Cash Provided by Non-capital Financing Activities	<u>325,068.17</u>	<u>302,016.01</u>
Net Increase in Cash and Cash Equivalents	<u>(23,879.59)</u>	<u>(13,776.15)</u>
Cash and Cash Equivalents, July 1	<u>16,121.37</u>	<u>29,897.52</u>
Cash and Cash Equivalents, June 30	<u>\$ (7,758.22)</u>	<u>\$ 16,121.37</u>
Operating Income (Loss)	\$ (357,277.14)	\$ (352,173.96)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Depreciation	2,131.78	8,597.28
Food Distribution Program	42,473.01	41,191.05
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	(36,711.64)	(11,323.14)
(Increase)/Decrease in Inventory	(3,563.76)	3,857.82
Increase/(Decrease) in Accounts Payable	1,777.49	(1,189.58)
Increase/(Decrease) in Unearned Revenue	2,222.50	(4,751.63)
Net Cash Provided (Used) by Operating Activities	<u>\$ (348,947.76)</u>	<u>\$ (315,792.16)</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Net Position
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS:		
Cash and Cash Equivalents	\$ 9,319.79	\$ 9,319.79
Total Assets	<u>\$ 9,319.79</u>	<u>\$ 9,319.79</u>
LIABILITIES:		
Unearned Revenues	\$ 9,319.79	\$ 9,319.79
Total Liabilities	<u>\$ 9,319.79</u>	<u>\$ 9,319.79</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES:		
Bus Repair and Maintenance Services		
LEAs Within the State	\$	\$
Services Provided by Other LEAs		
Total Operating Revenue		
OPERATING EXPENSES:		
Salaries		
Employee Benefits		
Repairs and Maintenance		
Supplies		
Other		
Total Operating Expenses		
Net Income (Loss)		
Net Position - July 1	9,319.79	9,319.79
Net Position - June 30	\$ 9,319.79	\$ 9,319.79

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$	\$
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities		
(Increase)/Decrease in Intergovernmental Accounts Receivable		
Increase/(Decrease) in Unearned Revenue		
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Non-capital Financing Activities:		
Cash Received from State & Federal Reimbursements		
Net Cash Provided by Non-capital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets		
Net Cash Used for Capital and Related Financing Activities		
Net Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents, July 1	9,319.79	9,319.79
Cash and Cash Equivalents, June 30	\$ 9,319.79	\$ 9,319.79

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
As of June 30, 2015
(With Comparative Totals for June 30, 2014)

	Expendable Trust Fund Unemployment Expendable Insurance	Agency		Totals	
		Student Activity	Payroll	2015	2014
ASSETS:					
Cash and Cash Equivalents	\$ 322,664.35	\$ 14,886.02	\$ 514,124.71	\$ 851,675.08	\$ 783,743.82
Total Assets	\$ 322,664.35	\$ 14,886.02	\$ 514,124.71	\$ 851,675.08	\$ 783,743.82
LIABILITIES AND NET POSITION:					
Liabilities:					
Accounts Payable	\$	\$	\$	\$	\$
Interfund Payable			77,452.66	77,452.66	69,944.43
Payroll Deductions & Withholdings			436,672.05	436,672.05	394,027.55
Due to Student Groups		14,886.02		14,886.02	
Total Liabilities		14,886.02	514,124.71	529,010.73	463,971.98
NET POSITION:					
Reserved - Unemployment Claims	322,664.35			322,664.35	316,460.50
Total Net Position	322,664.35			322,664.35	316,460.50
Total Liabilities and Net Position	\$ 322,664.35	\$ 14,886.02	\$ 514,124.71	\$ 851,675.08	\$ 780,432.48

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014)

	Unemployment Compensation Insurance Trust Fund	Totals	
		2015	2014
OPERATING REVENUES:			
Local Sources:			
Deductions from Employees' Salaries	\$ 13,875.57	\$ 13,875.57	\$ 21,142.93
Board Contribution			
Interest on Investments	1,575.36	1,575.36	1,066.45
Total Operating Revenues	15,450.93	15,450.93	22,209.38
OPERATING EXPENDITURES:			
Unemployment Compensation Insurance Claims	9,247.10	9,247.10	37,254.12
Total Operating Expenditures	9,247.10	9,247.10	37,254.12
Operating Income (Loss)	6,203.83	6,203.83	(15,044.74)
Net Position - July 1	316,460.52	316,460.52	331,505.24
Net Position - June 30	\$ 322,664.35	\$ 322,664.35	\$ 316,460.50

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Accounts</u> <u>Receivable</u>	<u>Balance</u> <u>June 30, 2015</u>
ELEMENTARY SCHOOLS:					
Student Activity General	\$ 740.29	\$ 22,712.38	\$ 11,265.60	\$ 135.50	\$ 12,187.07
Main Road Fundraising	2,371.79				2,371.79
Caroline L. Reutter Fundraising	<u>199.26</u>	<u>1,001.55</u>	<u>873.65</u>		<u>327.16</u>
Total Elementary Schools	\$ <u>3,311.34</u>	\$ <u>23,713.93</u>	\$ <u>12,139.25</u>	\$ <u>135.50</u>	\$ <u>14,886.02</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 463,971.98	\$ 13,345,150.53	\$ 13,294,997.80	\$ 514,124.71
Total Assets	<u>\$ 463,971.98</u>	<u>\$ 13,345,150.53</u>	<u>\$ 13,294,997.80</u>	<u>\$ 514,124.71</u>
 LIABILITIES:				
Net Payroll	\$	\$ 6,634,749.05	\$ 6,634,749.05	\$
Interfund Payable	69,944.43	7,508.23		77,452.66
Payroll Deductions and Withholdings	394,027.55	6,702,893.25	6,660,248.75	436,672.05
Total Liabilities	<u>\$ 463,971.98</u>	<u>\$ 13,345,150.53</u>	<u>\$ 13,294,997.80</u>	<u>\$ 514,124.71</u>

LONG-TERM DEBT

The long-term debt is used to reflect the outstanding principal balances of the long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Debt Service Fund Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 172,729.00	\$	\$ 172,729.00	\$ 172,729.00	\$
Total Revenues - Local Sources	<u>172,729.00</u>		<u>172,729.00</u>	<u>172,729.00</u>	
State Sources:					
Debt Service Aid Type II					
Total Revenues - State Sources					
Total Revenues	<u>172,729.00</u>		<u>172,729.00</u>	<u>172,729.00</u>	
EXPENDITURES					
Regular Debt Service:					
Interest	59,260.00		59,260.00	59,260.00	
Redemption of Principal	130,000.00		130,000.00	130,000.00	
Total Regular Debt Service	<u>189,260.00</u>		<u>189,260.00</u>	<u>189,260.00</u>	
Total Expenditures	<u>189,260.00</u>		<u>189,260.00</u>	<u>189,260.00</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,531.00)</u>			<u>(16,531.00)</u>	
Fund Balances, July 1	<u>16,851.89</u>		<u>16,851.89</u>	<u>16,851.89</u>	
Fund Balances, June 30	<u>\$ 320.89</u>	<u>\$</u>	<u>\$ 16,851.89</u>	<u>\$ 320.89</u>	<u>\$</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 8,053,599.75	\$ 7,201,443.00	\$ 8,291,823.28	\$ 8,202,073.85	\$ 8,209,174.61	\$ 8,339,304.37	\$ 8,338,463.39	\$ 7,139,137.38	\$ 9,241,130.10	\$ 11,284,911.60
Restricted	857,111.55	2,115,339.16	729,802.32	1,314,002.96	1,889,262.46	2,458,214.08	3,355,613.82	5,317,080.44	4,857,287.06	4,132,549.24
Unrestricted	(149,200.29)	79,044.55	(6,754.67)	(52,366.52)	(273,744.27)	(273,744.27)	(260,940.99)	(54,578.11)	(833,357.82)	(5,685,802.78)
Total Governmental Activities Net assets	<u>\$ 8,761,511.01</u>	<u>\$ 9,395,826.71</u>	<u>\$ 9,014,870.93</u>	<u>\$ 9,463,710.29</u>	<u>\$ 9,824,692.80</u>	<u>\$ 11,433,136.22</u>	<u>\$ 11,433,136.22</u>	<u>\$ 12,401,639.71</u>	<u>\$ 13,265,059.34</u>	<u>\$ 9,731,658.06</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 28,672.84	\$ 89,633.58	\$ 90,992.99	\$ 82,011.50	\$ 73,062.91	\$ 70,669.82	\$ 67,702.56	\$ 87,201.73	\$ 78,604.45	\$ 76,472.67
Restricted										
Unrestricted		(32,489.85)	(38,513.54)	(14,568.37)	45,597.45	71,161.94	67,635.93	47,055.29	46,685.67	59,081.49
Total Business-Type Activities Net Position	<u>\$ 28,672.84</u>	<u>\$ 57,143.73</u>	<u>\$ 52,479.45</u>	<u>\$ 67,443.13</u>	<u>\$ 118,660.36</u>	<u>\$ 141,831.76</u>	<u>\$ 135,338.49</u>	<u>\$ 134,257.02</u>	<u>\$ 125,290.12</u>	<u>\$ 135,554.16</u>
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 8,082,272.59	\$ 7,291,076.58	\$ 8,382,816.27	\$ 8,284,085.35	\$ 8,282,237.52	\$ 8,409,974.19	\$ 8,406,165.95	\$ 7,226,339.11	\$ 9,319,734.55	\$ 11,361,384.27
Restricted	857,111.55	2,115,339.16	729,802.32	1,314,002.96	1,889,262.46	2,458,214.08	3,355,613.82	5,317,080.44	4,857,287.06	4,132,549.24
Unrestricted	(149,200.29)	46,554.70	(45,268.21)	(66,934.89)	(228,146.82)	(202,582.33)	(193,305.06)	(7,522.82)	(786,672.15)	(5,626,721.29)
Total District-Wide Net Position	<u>\$ 8,790,183.85</u>	<u>\$ 9,452,970.44</u>	<u>\$ 9,067,350.38</u>	<u>\$ 9,531,153.42</u>	<u>\$ 9,943,353.16</u>	<u>\$ 10,665,605.94</u>	<u>\$ 11,568,474.71</u>	<u>\$ 12,535,896.73</u>	<u>\$ 13,390,349.46</u>	<u>\$ 9,867,212.22</u>

Source: CAFR Schedule A-1

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,842,515	\$ 5,063,002	\$ 5,465,351	\$ 5,612,092	\$ 6,053,072	\$ 5,529,636	\$ 5,520,612	\$ 5,647,723	\$ 5,810,317	\$ 5,770,417
Special Education	1,151,969	1,241,379	1,292,237	1,400,598	1,356,433	1,526,677	1,608,406	1,689,804	1,693,166	1,689,218
Other Instruction	247,480	227,394	330,287	429,715	429,424	409,140	483,330	499,561	478,559	530,690
Support Services										
Tuition	222,035	340,270	295,149	304,790	287,955	348,051	308,267	614,211	738,090	857,860
Student and Instruction Related Services	1,432,184	1,402,219	1,527,563	1,575,466	1,671,052	1,274,938	1,476,636	1,770,495	1,792,082	1,865,384
General Administrative Services	356,169	342,817	323,478	388,690	496,004	425,713	493,397	471,368	432,225	400,201
School Administrative Services	500,792	535,864	558,443	524,192	584,052	529,933	555,178	570,958	545,270	553,920
Central Services and Info. Technology		344,190	329,798	361,076	360,700	379,906	381,775	408,326	418,788	414,070
Plant Operations and Maintenance	1,484,654	1,711,947	1,807,200	1,594,076	1,742,311	1,580,662	1,627,003	1,807,721	1,757,088	1,773,798
Pupil Transportation	1,026,620	1,021,303	1,299,746	1,190,351	1,309,046	1,432,385	1,577,967	1,505,658	1,571,798	1,866,533
Employee Benefits	3,820,501	4,200,597	4,402,121	3,951,697	4,063,645	4,346,158	4,750,608	5,374,070	5,378,858	7,774,883
Debt Issue Costs	2,000	3,565	3,565	3,565	3,565	3,565	3,565	42,054		
Interest on Long-Term Debt	32,940	29,184	43,717	32,900	26,409	26,593	16,666	10,753	69,899	528,060
Unallocated Depreciation and Amortization	473,860	492,353	534,695	536,425	525,349	549,675	393,750	345,219	343,671	
Total Governmental Activities Expenses	15,593,719	16,956,082	18,213,350	17,905,632	18,909,019	18,363,032	19,197,160	20,757,921	21,029,811	24,025,033
Business-Type Activities										
Food Service										
	497,333	510,359	544,818	544,856	559,819	585,957	609,962	628,716	624,263	612,326
Total Business-Type Activities Expense	497,333	510,359	544,818	544,856	559,819	585,957	609,962	628,716	624,263	612,326
Total District Expenses	\$ 16,091,052	\$ 17,466,441	\$ 18,758,168	\$ 18,450,489	\$ 19,468,837	\$ 18,948,989	\$ 19,807,123	\$ 21,386,637	\$ 21,654,074	\$ 24,637,360
Program Revenues										
Governmental Activities										
Operating Grants and Contributions										
	\$ 1,902,363	\$ 2,364,478	\$ 2,399,436	\$ 1,635,851	\$ 1,818,892	\$ 1,869,637	\$ 2,099,489	\$ 2,331,520	\$ 2,192,873	\$ 1,962,703
Total Governmental Activities Program Revenues	1,902,363	2,364,478	2,399,436	1,635,851	1,818,892	1,869,637	2,099,489	2,331,520	2,192,873	1,962,703
Business-Type Activities										
Charges for Services										
Food Service	319,429	340,321	334,904	352,438	322,492	342,208	323,401	301,985	272,089	255,049
Operating Grants and Contributions	169,158	198,509	195,250	207,382	238,657	266,920	280,068	325,649	343,207	367,541
Total Business-Type Activities Program Revenues	488,587	538,829	530,154	559,820	561,149	609,129	603,469	627,634	615,296	622,591
Total District Program Revenues	\$ 2,390,950	\$ 2,903,307	\$ 2,929,589	\$ 2,195,671	\$ 2,380,042	\$ 2,478,766	\$ 2,702,959	\$ 2,959,154	\$ 2,808,169	\$ 2,585,293
Net (Expense)/Revenue										
Governmental Activities	\$ (13,691,356)	\$ (14,591,604)	\$ (15,813,914)	\$ (16,269,781)	\$ (17,090,127)	\$ (16,493,394)	\$ (17,097,671)	\$ (18,426,401)	\$ (18,836,938)	\$ (22,062,330)
Business-Type Activities	(8,746)	28,471	(14,664)	14,964	1,331	23,171	(6,493)	(1,081)	(8,967)	10,264
Total District-Wide Net Expense	\$ (13,700,102)	\$ (14,563,133)	\$ (15,828,579)	\$ (16,254,817)	\$ (17,088,796)	\$ (16,470,223)	\$ (17,104,164)	\$ (18,427,482)	\$ (18,845,905)	\$ (22,052,066)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 6,015,106	\$ 7,205,864	\$ 7,677,875	\$ 7,827,916	\$ 8,069,128	\$ 8,487,994	\$ 8,485,429	\$ 9,070,950	\$ 9,514,704	\$ 9,810,740
Taxes Levied for Debt Service	198,920	187,724	208,073	200,005	198,611	202,024	200,049	204,880	205,790	172,729
Unrestricted Grants and Contributions	7,092,389	7,399,414	7,277,944	8,362,366	8,924,023	8,202,894	8,595,288	8,586,155	8,796,742	11,907,689
Tuition Received	203,029	189,410	211,509	167,749	112,617	227,302	255,880	1,147,796	987,682	1,339,719
Investment Earnings	42,946	97,323	70,874	24,993	16,773	17,558	20,501	23,950	26,715	20,235
Transportation Revenue				87,926	145,079	189,075	165,207	262,828	169,210	109,817
Miscellaneous Income	116,286	122,313	106,847	40,432	42,681	64,844	60,855	110,478	16,898	103,612
Closeout of Capital Projects			(86,470)							
Transfer to Charter School				(7,751)	(7,917)	(8,376)	(16,895)	(12,133)	(13,206)	
Compensated Absences	3,309	28,952	(23,693)	14,985						
Fixed Asset Adjustment									(4,177)	
Transfers	(3,538)		(10,000)		(49,886)					
Total Governmental Activities	13,668,448	15,231,000	15,432,959	16,718,621	17,451,109	17,383,315	17,766,314	19,394,904	19,700,358	23,464,541
Business-Type Activities										
Transfer										
	3,538		10,000		49,886					
Total Business-Type Activities	3,538		10,000		49,886					
Total District-Wide	\$ 13,671,985	\$ 15,231,000	\$ 15,442,959	\$ 16,718,621	\$ 17,500,995	\$ 17,383,315	\$ 17,766,314	\$ 19,394,904	\$ 19,700,358	\$ 23,464,541
Change in Net Assets										
Governmental Activities										
	\$ (22,908)	\$ 639,396	\$ (380,956)	\$ 448,839	\$ 360,983	\$ 889,921	\$ 668,643	\$ 968,503	\$ 863,420	\$ 1,402,211
Business-Type Activities										
	(5,209)	28,471	(4,664)	14,964	51,217	23,171	(6,493)	(1,081)	(8,967)	10,264
Total District-Wide	\$ (28,117)	\$ 667,866	\$ (385,620)	\$ 463,803	\$ 412,200	\$ 913,093	\$ 662,149	\$ 967,422	\$ 854,453	\$ 1,412,475

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted:	\$ 510,960.78	\$ 1,004,410.94	\$ 880,513.08	\$ 1,858,853.51	\$ 2,274,992.67	\$ 2,908,362.48	\$ 3,691,303.83	\$ 2,500,760.20	\$	\$
Capital Reserve									1,699,168.98	1,730,000.00
Maintenance Reserve									1,438,293.00	1,078,306.00
Excess Surplus										87,804.00
Committed to year-end Encumbrances									527,776.84	94,697.01
Assigned to Subsequent Year's Expenditures									62,878.00	0.00
Unrestricted	153,330.41	(31,002.06)	(11,843.12)	(387,866.56)	(514,515.53)	(278,930.53)	(443,397.60)	(358,367.00)	7,147,655.97	(400,326.43)
Total General Fund	<u>\$ 664,291.19</u>	<u>\$ 973,408.88</u>	<u>\$ 868,669.96</u>	<u>\$ 1,470,986.95</u>	<u>\$ 1,760,477.14</u>	<u>\$ 2,629,431.95</u>	<u>\$ 3,247,906.23</u>	<u>\$ 2,142,393.20</u>	<u>\$ 10,875,772.79</u>	<u>\$ 2,590,480.58</u>
All Other Governmental Funds	\$	\$ 49,296.57	\$ 87,355.03	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund	(10,099.10)	(10,099.10)	(10,101.00)							
Capital Projects Fund	289,545.87	1,381,752.53						3,331,276.46	1,104,292.11	1,141,421.34
Debt Service Fund			0.50	0.50	0.24	0.48	0.72	0.72	(16,209.11)	320.89
Permanent Fund										
Total All Other Governmental Funds	<u>\$ 279,446.77</u>	<u>\$ 1,420,950.00</u>	<u>\$ 77,254.53</u>	<u>\$ 0.50</u>	<u>\$ 0.24</u>	<u>\$ 0.48</u>	<u>\$ 0.72</u>	<u>\$ 3,331,277.18</u>	<u>\$ 1,088,083.00</u>	<u>\$ 1,141,742.23</u>

Source: CAFR Schedule B-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 6,214,026.00	\$ 7,393,588.02	\$ 7,885,948.00	\$ 8,027,921.00	\$ 8,267,739.00	\$ 8,690,018.00	\$ 8,685,478.00	\$ 9,275,830.00	\$ 9,720,494.00	\$ 9,983,469.00
Tuition Charges	203,029.31	189,409.55	211,508.69	167,749.17	112,617.23	227,301.81	255,879.75	1,147,795.86	987,681.79	1,339,719.19
Rent	48,500.00	48,500.00		4,700.00	600.00					
Interest Earnings	42,946.17	97,322.68	70,873.83	24,992.56	16,772.79	17,558.29	20,500.91	23,949.68	26,715.32	20,235.24
Miscellaneous	67,786.11	11,111.20	106,846.72	123,657.70	180,665.31	253,918.97	226,061.72	373,306.72	186,107.56	213,428.90
State Sources	8,301,451.38	9,105,211.93	9,061,269.56	9,439,702.08	8,660,873.82	9,319,113.72	9,574,459.97	10,170,267.30	10,224,779.73	11,461,482.93
Federal Sources	693,301.20	658,680.57	597,406.60	554,007.98	2,070,581.47	753,417.94	1,120,317.80	747,407.33	764,835.29	684,317.68
Total Revenues	15,571,040.17	17,503,823.95	17,933,853.40	18,342,730.49	19,309,849.62	19,261,328.73	19,882,698.15	21,738,556.89	21,910,613.69	23,702,652.94
Expenditures										
Instruction										
Regular Instruction	4,842,515.24	5,063,001.51	5,391,517.75	5,625,864.91	6,067,322.94	5,624,876.47	5,533,589.10	5,654,424.26	5,807,375.15	5,768,814.84
Special Education Instruction	1,151,968.63	1,241,379.08	1,292,236.65	1,400,598.09	1,356,433.35	1,526,676.82	1,608,406.09	1,688,481.95	1,688,026.98	1,680,693.60
Other instruction	247,479.70	227,393.87	330,287.40	429,715.16	429,423.50	409,140.12	483,329.66	499,560.67	478,559.12	530,690.30
Support Services										
Tuition	222,035.31	340,270.19	295,149.42	304,789.57	287,954.81	348,051.38	308,267.08	614,211.14	738,089.85	857,859.82
Student & Instr. Related Serv.	1,432,183.99	1,402,218.88	1,527,562.65	1,575,465.55	1,671,052.40	1,274,937.65	1,476,635.78	1,763,739.49	1,783,975.31	1,857,276.69
General Administrative Serv.	356,169.18	388,134.82	354,034.80	388,690.40	496,004.36	425,712.92	492,777.37	470,747.57	431,604.79	399,581.28
School Administrative Serv.	524,465.27	535,864.28	558,443.22	545,469.35	584,051.98	529,932.75	554,976.76	570,757.20	544,948.37	553,237.45
Central Services/Informant. Tech		344,189.85	329,798.05	260,996.13	360,699.74	379,905.87	381,775.37	408,325.64	418,788.61	414,069.56
Plant Operations & Maint.	1,484,654.17	1,690,994.67	1,788,710.38	1,606,403.74	1,742,311.36	1,580,662.04	1,592,720.68	1,761,753.62	1,698,386.46	1,694,563.77
Pupil Transportation	1,026,619.79	1,021,302.77	1,299,746.01	1,190,350.94	1,294,046.24	1,432,384.66	1,440,365.11	1,374,215.28	1,482,797.27	1,794,576.53
Business & Other Supp. Serv.	341,627.75		100,080.10							
Unallocated Employee Benefits	3,478,873.58	4,199,729.33	4,401,906.88	3,951,580.35	4,126,444.92	4,288,108.24	4,795,152.44	5,321,654.98	5,346,389.57	5,946,425.45
Capital Outlay	604,534.26	306,983.78	1,508,351.61	229,907.24	348,199.49	361,585.00	379,284.43	1,499,908.66	2,493,162.91	2,553,415.69
Debt Service										
Principal	330,000.00	329,000.00	160,000.00	165,000.00	170,000.00	180,000.00	185,000.00	197,000.00	130,000.00	130,000.00
Interest and Other Charges	39,540.00	19,740.00	48,072.50	35,005.00	28,611.26	22,023.76	15,048.76	7,880.00	58,938.83	59,260.00
Total Expenditures	16,082,666.87	17,110,203.03	19,285,817.32	17,809,916.53	18,962,556.35	18,383,997.68	19,247,328.63	21,832,660.46	23,101,043.22	24,240,464.98
Excess (Deficiency) of Revenues Over (Under) Expenditures										
	(511,626.70)	393,620.92	(1,351,963.92)	532,813.96	347,293.27	877,331.05	635,369.52	(94,103.57)	(1,190,429.53)	(537,812.04)
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)										
Bond Proceeds		1,057,000.00						2,332,000.00		
Cancellation of State Grant			(86,470.47)							
Transfer to Charter School				(7,751.00)	(7,917.00)	(8,376.00)	(16,895.00)	(12,133.00)	(13,206.00)	
Transfers	(3,537.59)		(10,000.00)		(49,886.34)					
Total Other Financing Sources (Use)	(3,537.59)	1,057,000.00	(96,470.47)	(7,751.00)	(57,803.34)	(8,376.00)	(16,895.00)	2,319,867.00	(13,206.00)	
Net Change in Fund Balances	\$ (515,164.29)	\$ 1,450,620.92	\$ (1,448,434.39)	\$ 525,062.96	\$ 289,489.93	\$ 868,955.05	\$ 618,474.52	\$ 2,225,763.43	\$ (1,203,635.53)	\$ (537,812.04)
Debt Service as a Percentage of Noncapital Expenditures										
	2.4%	2.1%	1.2%	1.1%	1.1%	1.1%	1.1%	1.0%	0.9%	0.9%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Transp. Fees	Medicare SEMI & EPSDT	Refund of Prior Year Expenditure	Insurance Dividends/ Adj.	E-Rate reimb.	Misc.*	Total
2015	\$ 20,235.24	\$ 1,339,719.19		\$ 109,816.85	\$ 10,525.45				\$ 103,612.05	\$ 1,583,908.78
2014	26,715.32	987,681.79		169,209.98	10,104.80	11,200.43	4,511.77		1,185.38	1,210,609.47
2013	23,949.68	1,189,811.13	3,876.33	262,828.36	21,019.63	11,988.48	29,147.03		2,431.62	1,545,052.26
2012	20,500.91	260,016.13	742.50	165,206.71	19,692.32	36,628.68	16,904.92		2,442.53	522,134.70
2011	17,558.29	227,301.81		189,075.28	8,133.97	4,278.96			18,396.07	464,744.38
2010	16,772.79	112,617.23	600.00	145,079.08		11,932.57	15,516.31		8,137.35	310,655.33
2009	24,992.56	167,749.17	4,700.00	87,925.65					35,732.05	321,099.43
2008	70,873.83	211,508.69		14,708		48,579.33	35,750.91	1,446.04	6,362.72	389,229.24
2007	97,322.68	189,409.55	48,500.00	9,734.00		230.39			1,146.81	346,343.43
2006	42,946.17	203,029.31	48,500.00			11,661.89	46,041.56	8,581.04	1,501.62	362,261.59

* For year ending June 30, 2004, includes sale of the Malaga School for \$300,000.00

Source: District Records

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct and Regional School Tax Rate ^b	Estimated Actual (County Equalized Value)
2015	\$ 34,235,200	\$ 1,043,381,600	\$ 49,129,500	\$ 6,105,900	\$ 93,789,600	\$ 3,103,600	\$ 1,229,745,400	\$ 2,956,780	\$ 1,232,702,180	1.771	\$ 1,272,532,446
2014	36,089,600	1,041,281,400	47,646,600	6,035,100	96,487,300	3,605,700	1,231,145,700	3,008,212	1,234,153,912	1.706	1,274,031,085
2013	37,838,500	1,042,344,800	48,887,100	5,843,700	103,327,000	4,149,800	1,242,390,900	3,746,835	1,246,137,735	1.632	1,314,214,021
2012	23,785,000	676,688,100	33,177,400	5,877,300	62,760,500	1,969,800	804,258,100	2,447,866	806,705,966	2.391	1,383,180,084
2011	23,414,600	676,493,100	32,851,900	5,907,600	62,685,000	1,969,800	803,322,000	2,405,012	805,727,012	0.000	1,460,207,338
2010	24,021,100	681,600,400	31,797,900	5,883,200	60,877,100	1,969,800	806,149,500	2,749,739	808,899,239	0.000	1,499,113,437
2009	24,893,100	674,513,800	33,593,800	5,128,100	61,432,900	1,969,800	801,531,500	2,676,260	804,207,760	2.160	1,543,539,661
2008	25,204,900	656,497,100	34,245,100	5,323,100	59,615,100	1,957,100	782,842,400	2,528,351	785,370,751	2.145	1,507,785,824
2007	28,786,900	624,421,300	33,380,800	5,327,000	59,315,300	1,985,700	753,217,000	2,577,876	755,794,876	2.157	1,453,303,993
2006	29,814,600	604,152,100	32,267,900	5,412,300	58,711,100	1,985,700	732,343,700	2,903,630	735,247,330	2.038	1,115,205,228

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

c Estimate

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(UNAUDITED)

Year Ended June 30,	Franklin Township Board of Education			Overlapping Rates					Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Southern Glouc. Co. Regional High School District	Franklin Township	Gloucester County	Franklin Township Open Space		
2015	\$ 0.817	\$ 0.014	\$ 0.831	\$ 0.94	\$ 0.612	\$ 0.688	\$ 0.010	\$ 3.081	
2014	0.782	0.017	0.799	0.907	0.611	0.635	0.010	2.962	
2013	0.746	0.017	0.763	0.869	0.607	0.638	0.010	2.887	
2012	1.088	0.026	1.114	1.277	0.893	0.944	0.010	4.238	
2011	1.057	0.025	1.082	1.256	0.903	0.98	0.009	4.230	
2010	1.023	0.025	1.048	1.21	0.859	1.018	0.010	4.145	
2009	0.989	0.025	1.014	1.146	0.811	1.054	0.009	4.034	
2008	0.987	0.027	1.014	1.131	0.767	1.058	0.010	3.980	
2007	0.985	0.026	1.011	1.146	0.730	0.975	0.010	3.132	
2006	0.896	0.030	0.926	1.112	0.675	0.896	0.010	3.619	

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Taxpayer</u>	<u>2015</u>		<u>2006</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
PDM, LLC: CVS	\$ 3,655,600	0.30%	\$ 1,087,000	0.0015
R Leo & Son, LLC	3,417,300	0.28%		
State of NJ, Dep C/O White Oak CC	3,200,000	0.26%	3,049,100	0.41%
RT Enterprises, LLC	3,098,100	0.25%	1,628,500	0.22%
Verizon, New Jersey	3,008,212	0.24%		
Sharon Reed Community Dev. Corp	2,854,300	0.23%		
Rosemar Properties, V, LLC	2,776,600	0.23%	950,000	0.13%
Wawa Inc.	2,770,800	0.23%	1,080,800	0.15%
Visconti Brothers Properties, LLC	2,399,600	0.20%	1,678,200	0.23%
Rolo Land, LLC	1,997,300	0.16%		
Taxpayer #1			2,277,700	0.31%
Taxpayer #2			870,700	0.12%
Niagara Chemical Co. FMC Corp.			847,900	0.12%
New Jersey Bell Telephone			2,903,630	0.39%
Total	\$ 29,177,812	2.37%	\$ 16,373,530	2.23%

Source: District CAFR & Municipal Tax Assessor

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2015	\$ 9,983,469.00	\$ 9,983,469.00	100.00%	\$
2014	9,720,494.00	9,720,494.00	100.00%	
2013	9,275,830.00	9,275,830.00	100.00%	
2012	8,685,478.00	8,685,478.00	100.00%	
2011	8,690,018.00	8,690,018.00	100.00%	
2010	8,267,739.00	8,267,739.00	100.00%	
2009	8,027,921.00	8,027,921.00	100.00%	
2008	7,885,948.00	7,885,948.00	100.00%	
2007	7,393,588.02	7,393,588.02	100.00%	
2006	6,214,026.00	6,214,026.00	100.00%	
2005	4,943,878.00	4,943,878.00	100.00%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a		Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Percentage of Personal Income ^a		Per Capita ^a		
2015	\$ 2,072,000	\$	\$	\$	\$ 2,072,000	0.26%	\$ 124	*	
2014	2,202,000				2,202,000	0.28%	131		
2013	2,332,000				2,332,000	0.31%	139		
2012	197,000	15,796			212,796	0.03%	13		
2011	382,000	31,061			413,061	0.06%	39		
2010	562,000	136,980			698,980	0.10%	53		
2009	732,000	190,431			922,431	0.14%	66		
2008	897,000	242,199			1,139,199	0.18%	63		
2007	1,057,000	27,274			1,084,274	0.18%	23		
2006	329,000	52,683			381,683	0.07%	44		

* Estimate

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2015	\$ 2,072,000	\$	\$ 2,072,000	0.16%	\$ 124 *
2014	2,202,000		2,202,000	0.17%	131
2013	2,332,000		2,332,000	0.18%	139
2012	197,000		197,000	0.01%	12
2011	382,000		382,000	0.02%	22
2010	732,000		732,000	0.05%	42
2009	897,000		897,000	0.06%	52
2008	1,057,000		1,057,000	0.07%	62
2007	329,000		329,000	0.03%	20
2006	659,000		659,000	0.06%	40

* Estimate

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.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2015
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Franklin Township	\$ 9,746,500	100.0%	\$ 9,746,500
Other debt			
Gloucester County - Township's Share	249,340,889	5.09%	12,691,451
Southern Gloucester County Regional High School District	1,132,600	78.1%	884,906
Subtotal, Overlapping Debt			23,322,857
Franklin Township School District Direct Debt			2,072,000
Total Direct and Overlapping Debt			\$ 25,394,857

Sources: Franklin Township Finance Officer and Gloucester County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Franklin. 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.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
 (UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis
	2014 \$ 1,290,644,407
	2013 1,282,523,898
	2012 1,308,162,167
	[A] \$ 3,881,330,472
Average Equalized Valuation of Taxable Property	[A/3] \$ 1,293,776,824
Debt Limit (2.5% of Average Equalization Value)	[B] 32,344,421 a
Net Bonded School Debt	[C] 2,072,000
Legal Debt Margin	[B-C] \$ 30,272,421

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 22,867,695	\$ 27,143,400	\$ 31,762,692	\$ 35,406,160	\$ 36,984,642	\$ 37,060,981	\$ 36,014,663	\$ 34,539,826	\$ 33,061,801	\$ 32,344,421
Total Net Debt Applicable to Limit	329,000	1,057,000	897,000	732,000	562,000	382,000	197,000	2,332,000	2,202,000	2,072,000
Legal Debt Margin	\$ 22,538,695	\$ 26,086,400	\$ 30,865,692	\$ 34,674,160	\$ 36,422,642	\$ 36,678,981	\$ 35,817,663	\$ 32,207,826	\$ 30,859,801	\$ 30,272,421
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.44%	3.89%	2.82%	2.07%	1.52%	1.03%	0.55%	6.75%	6.66%	6.41%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>	
2015	*	16,752	\$ 782,155,571	\$ 46,690	9.0%
2014		16,702	774,311,383	46,228	9.5%
2013		16,720	755,225,680	45,169	9.5%
2012		16,747	750,818,251	44,833	12.7%
2011		16,801	730,641,888	43,488	12.4%
2010		16,821	696,574,431	41,411	12.7%
2009		17,368	709,500,168	40,851	12.0%
2008		17,319	704,710,110	40,690	6.4%
2007		17,174	667,330,118	38,857	7.0%
2006		16,845	630,744,180	37,444	6.5%

* Estimate

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>
Inspira Health	1,825	1	N/A	N/A	N/A	N/A
Kennedy Memorial Hospital	1,675	2	N/A	N/A	N/A	N/A
Washington Township School District	1,631	3	N/A	N/A	N/A	N/A
Rowan University	1,483	4	N/A	N/A	N/A	N/A
County of Gloucester	1,398	5	N/A	N/A	N/A	N/A
Missa Bay, LLC	950	6	N/A	N/A	N/A	N/A
Monroe Township School District	807	7	N/A	N/A	N/A	N/A
U.S. Foodservices	725	8	N/A	N/A	N/A	N/A
Exxon Mobile Research & Developme	540	9	N/A	N/A	N/A	N/A
LaBrea Bakery	525	10	N/A	N/A	N/A	N/A
	11,559					

Source: Gloucester County Department of Economic Development, Gloucester County School Districts

Note - The information provided is for the County of Gloucester, information at the municipal level is not readily available.

N/A - Information not available

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2007</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	72	72	73	73	73	73	75	74	74	74
Special Education	32	31	36	36	36	39	45	49	49	50
Other Special Education	0	0	0	0	0	0	0	0	0	0
Vocational	0	0	0	0	0	0	0	0	0	0
Other Instruction	7	7	7	7	7	2	0	0	0	0
Support Services:										
* Student & Instruction Related Services	21	20	20	20	20	21	16	24	24	26
General Administration	5	5	5	5	5	3	3	3	3	3
School Administrative Services	8	8	8	8	8	8	8	8	8	8
Other Administrative Services	0	0	0	0	0	0	0	0	0	0
Central Services	5	4	4	4	4	4	4	5	5	4
Administrative Information Technology	2	2	0	0	0	0	0	0	0	0
Plant Operations and Maintenance	21	20	21	21	21	17	18	21	23	23
Pupil Transportation	29	29	30	30	30	41	38	35	33	36
Other Support Services	0	0	0	0	0	0	0	0	0	0
Food Service	0	0	0	0	0	0	0	0	0	0
Total	<u>202</u>	<u>198</u>	<u>204</u>	<u>204</u>	<u>204</u>	<u>208</u>	<u>207</u>	<u>219</u>	<u>219</u>	<u>224</u>

Source: District Personnel Records

* Increase of 3 due to 6 part-time (3 FTE) Cafeteria/Student Assistance Aides.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ration Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2015	1,404	\$ 21,497,789	\$ 15,312	7.3%	124	11 : 1	1,399.2	1,330.8	1.02%	95.11%
2014	1,393	20,418,941	14,658	8.4%	123	11 : 1	1,384.9	1,319.9	-1.52%	95.30%
2013	1,410	20,127,872	14,275	14.6%	123	12 : 1	1,406.1	1,337.7	1.29%	95.14%
2012	1,381	18,667,995	13,518	8.5%	120	12 : 1	1,388.2	1,323.8	-2.53%	95.36%
2011	1,431	17,820,389	12,453	-4.2%	104	14 : 1	1,424.2	1,355.7	0.15%	95.19%
2010	1,416	18,415,746	13,005	8.7%	116	12 : 1	1,422.1	1,353.6	-1.86%	95.18%
2009	1,452	17,380,004	11,970	1.2%	116	13 : 1	1,449.1	1,381.7	-2.12%	95.35%
2008	1,486	17,569,393	11,823	11.3%	116	13 : 1	1,480.5	1,407.3	-3.96%	95.06%
2007	1,549	16,454,479	10,623	3.3%	125	14 : 1	1,541.6	1,465.2	3.68%	95.04%
2006	1,469	15,108,593	10,285	4.7%	126	13 : 1	1,486.9	1,414.3	3.82%	95.12%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
Elementary										
Caroline L. Reutter (1952)										
Square Feet	50,800	50,800	50,800	56,905	56,905	56,905	56,905	56,905	56,905	56,905
Capacity (students)	428	428	428	428	428	428	481	481	481	481
Enrollment	413	413	413	385	390	466	481	437	373	361
Main Road (1968)										
Square Feet	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400
Capacity (students)	516	516	516	516	516	516	516	516	516	516
Enrollment	455	469	469	477	486	402	365	392	445	426
Mary F. Janvier (1989)										
Square Feet	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500
Capacity (students)	784	784	784	784	784	784	784	784	784	784
Enrollment	618	660	660	541	506	528	535	581	575	617
* Lake School (1938)										
Square Feet	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710
Capacity (students)	54	54	54	54	54	54	54	54	54	54
Enrollment	*	*	48	49	43	35	-	-	-	-
Other										
Administration Building (1992)										
Square Feet	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911
Transportation/Maintenance Building (1992)										
Square Feet	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133
Storage/Grounds Building (1989)										
Square Feet	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885
Number of Schools at June 30, 2015										
Elementary =	4, 3 presently utilized									
Middle School =										
Other =										

Source: District records

Note: Year of original construction is shown in parentheses.

* Lake School is presently vacant.

Enrollment is based on the annual October district count.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

School Facilities	Gross Square Footage	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Caroline L. Reutter School	56,905	\$ 46,735.91	\$ 81,708.06	\$ 130,411.65	\$ 89,859.49	\$ 82,608.08	\$ 94,532.54	\$ 48,468.04	\$ 68,134.00	\$ 40,759.13	\$ 51,281.25
Main Road School	59,400	61,479.76	77,375.61	163,701.07	65,209.43	72,625.32	45,292.66	48,415.45	50,696.00	56,047.45	69,892.55
Mary F. Janvier School	66,500	98,012.40	138,470.13	109,062.42	155,949.72	79,326.16	67,489.55	81,426.56	72,264.00	283,399.53	100,506.08
Lake School	5,710	17,542.42	17,261.98	22,784.40	28,152.20	44,043.04	41,044.67	20,266.31	8,263.00	7,387.00	5,908.00
Total School Facilities		223,770.49	314,815.78	425,959.54	339,170.84	278,602.60	248,359.42	198,576.36	199,357.00	380,206.11	221,679.88
Other Facilities	17,929	63,646.40	62,173.64	107,176.06	84,237.06	67,220.27	67,211.44	79,079.10	254,651.00	20,059.52	14,328.97
Grand Total		\$ 287,416.89	\$ 376,989.42	\$ 533,135.60	\$ 423,407.90	\$ 345,822.87	\$ 315,570.86	\$ 277,655.46	\$ 454,008.00	\$ 400,265.63	\$ 236,008.85

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
INSURANCE SCHEDULE
For the Fiscal Year Ended June 30, 2015
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
Republic Franklin Ins	Commercial Property Coverage - Blanket Including Boiler	\$ 39,379,607	\$ 1,000
	Commercial General Liability	1,000,000 occ/ 3,000,000 agg.	
	Comprehensive Automobile Liability	1,000,000	Comp. - 500 Collision - 1,000
	Computers and Scheduled Equipment - Including Software (Commercial Inland Marine)	750,000	1,000
	Commercial Crime Coverage Employee Dishonesty	205,000	1,000
	Employee Benefits Liability	1,000,000 claim 3,000,000 agg.	1,000
	Employee Dishonesty Coverage	205,000	1,000
Utica National Ins.	Commercial Umbrella Liability	10,000,000 occ/ 10,000,000 agg	10,000
Fireman's Fund Ins.	Excess Umbrella - Catastrophic Excess of \$10,000.000	50,000,000 occ/ 50,000,000 agg	
NJSBAIG	Workers Compensation	2,000,000 accident/ 2,000,000 aggregate 2,000,000 each employee	
Berkley Insurance Co./ McCloskey Insurance Co	Student Accident Insurance	1,000,000	max per injury
Markel Insurance Co.	Catastrophic Accident Insurance	5,000,000	25,000
Ohio Casualty	Surety Bonds Elizabeth DiPietro	205,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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www.colavita.net

November 18, 2015

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Franklin School District
County of Gloucester
Franklinville, New Jersey 08322

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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 Township of Franklin School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education of the Township of Franklin School District's basic financial statements and have issued our report thereon dated November 18, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given the 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 Franklin Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

This report is intended solely for the information and use of management, the Franklin Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

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November 18, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES REQUIRED BY OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Franklin School District
County of Gloucester
Franklinville, New Jersey 08322

Report on Compliance for Each Major Program

We have audited the Board of Education of the Township of Franklin School District, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Franklin School District major federal and state programs for the fiscal year ended June 30, 2015. The Franklin Township 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 each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Franklin Township Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Franklin Township 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. Our audit does not provide a legal determination of Franklin Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Township of Franklin School District's Board of Education, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Township of Franklin School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Franklin Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and/or 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 Township of Franklin School District's Board of Education's internal control over compliance.

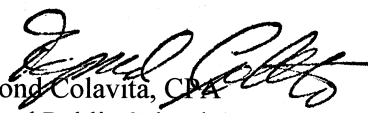
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 or state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 and New Jersey OMB's Circular 04-04 and/or 15-08.

This report is intended for the information and use of the management, the Franklin Township Board of Education, the New Jersey State Department of Education, other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,
NIGHTLINGER, COLAVITA & VOLPA, PA


Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		June 30, 2014 Unearned Rev. (Acct. Rec.)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2015		
				From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor at
U.S. Department of Education												
General Fund:												
Medical Assistance Program	93.778	NA	\$ 10,525.45	7/1/14	6/30/15	\$	\$	\$ 10,525.45	\$ (10,525.45)	\$	\$	\$
Total General Fund								10,525.45	(10,525.45)			
U.S. Department of Education Passed-through State Department of Education												
Special Revenue Fund:												
Title I	84.010A	NCLB159013	236,359.00	7/1/13	6/30/14	(37,276.72)		37,276.72				
Title I	84.010A	NCLB159014	249,291.00	7/1/14	6/30/15			167,456.00	(235,657.94)	(68,201.94)		
Title II-A	84.367A	NCLB159013	89,455.00	7/1/13	6/30/14	(10,262.55)		12,647.00			2,384.45	
Title II-A	84.367A	NCLB159014	62,726.00	7/1/14	6/30/15			40,490.00	(58,658.48)	(18,168.48)		
I.D.E.A. Part B, Basic Regular	84.027	IDEA159013	341,936.00	7/1/13	6/30/14	(45,126.00)		45,126.00				
I.D.E.A. Part B, Basic Regular	84.027	IDEA159014	348,221.00	7/1/14	6/30/15			292,124.00	(348,221.00)	(56,097.00)		
I.D.E.A. Part B, Preschool	84.173	IDEA159014	20,534.00	7/1/14	6/30/15			20,534.00	(20,534.00)			
Total Special Revenue Fund								615,653.72	(663,071.42)	(142,467.42)	2,384.45	
U.S. Department of Agriculture Passed-through State Department of Education												
Enterprise Fund:												
Food Distribution Program	10.565	N/A	35,494.84	7/1/13	6/30/14	7,813.19			(7,813.19)			
Food Distribution Program	10.565	N/A	44,221.00	7/1/14	6/30/15			44,221.00	(34,659.82)		9,561.18	
School Breakfast Program	10.553	N/A	85,428.00	7/1/13	6/30/14	(7,726.04)		7,726.04				
School Breakfast Program	10.553	N/A	107,493.53	7/1/14	6/30/15			86,473.71	(107,493.53)	(21,019.82)		
Special Milk Program	10.556	N/A	394.96	7/1/13	6/30/14	(32.97)		32.97				
Special Milk Program	10.556	N/A	500.48	7/1/14	6/30/15			410.37	(500.48)	(90.11)		
National School Lunch Program	10.555	N/A	209,806.49	7/1/13	6/30/14	(15,914.43)		15,914.43				
National School Lunch Program	10.555	N/A	211,111.42	7/1/14	6/30/15			172,289.20	(211,111.42)	(38,822.22)		
Total Enterprise Fund								327,067.72	(361,578.44)	(59,932.15)	9,561.18	
Total Federal Financial Awards						\$ (108,525.52)	\$	\$ 953,246.89	\$ (1,035,175.31)	\$ (202,399.57)	\$ 11,945.63	\$

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2014				Balance at June 30, 2015			MEMO	
					Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
					(Accounts Rec.)								
State Department of Education													
General Fund:													
Equalization Aid	15-495-034-5120-078	\$ 7,422,943.00	7/1/14	6/30/15	\$	\$	\$ 6,715,511.00	\$ (7,422,943.00)	\$ (707,432.00)	\$	\$	\$ (707,432.00)	\$ 7,422,943.00
Equalization Aid	14-495-034-5120-078	7,422,943.00	7/1/13	6/30/14	(698,294.00)		698,294.00				*		
Transportation Aid	15-495-034-5120-014	381,399.00	7/1/14	6/30/15			345,050.00	(381,399.00)	(36,349.00)		*	(36,349.00)	381,399.00
Transportation Aid	14-495-034-5120-014	381,399.00	7/1/13	6/30/14	(35,879.00)		35,879.00				*		
Special Education Categorical Aid	15-495-034-5120-089	725,636.00	7/1/14	6/30/15			656,480.00	(725,636.00)	(69,156.00)		*	(69,156.00)	725,636.00
Special Education Categorical Aid	14-495-034-5120-089	725,636.00	7/1/13	6/30/14	(68,262.00)		68,262.00				*		
Security Aid	15-495-034-5120-084	173,504.00	7/1/14	6/30/15			156,969.00	(173,504.00)	(16,535.00)		*	(16,535.00)	173,504.00
Security Aid	14-495-034-5120-084	173,504.00	7/1/13	6/30/14	(16,322.00)		16,322.00				*		
PARCC Readiness Aid	15-495-034-5120-098	12,550.00	7/1/14	6/30/15			11,354.00	(12,550.00)	(1,196.00)		*	(1,196.00)	12,550.00
Per Pupil Growth Aid	15-495-034-5120-097	12,550.00	7/1/14	6/30/15			11,354.00	(12,550.00)	(1,196.00)		*	(1,196.00)	12,550.00
Non-Public Transportation Aid	15-495-034-5120-014	16,022.00	7/1/14	6/30/15				(16,022.00)	(16,022.00)		*		16,022.00
Non-Public Transportation Aid	14-495-034-5120-014	9,019.00	7/1/13	6/30/14	(9,019.00)		9,019.00				*		
Extraordinary Aid	15-100-034-5120-473	91,250.00	7/1/14	6/30/15				(91,250.00)	(91,250.00)		*		91,250.00
Extraordinary Aid	14-100-034-5120-473	83,532.00	7/1/13	6/30/14	(83,532.00)		83,532.00				*		
Reimbursed TPAF Social Security Contrib.	15-495-034-5095-002	610,879.64	7/1/14	6/30/15			608,618.63	(610,879.64)	(2,261.01)		*		610,879.64
Reimbursed TPAF Social Security Contrib.	14-495-034-5095-002	600,867.73	7/1/13	6/30/14	(30,036.06)		30,036.06				*		
Total General Fund					(941,344.06)	0.00	9,446,680.69	(9,446,733.64)	(941,397.01)			(831,864.00)	9,446,733.64
Capital Projects Fund:													
NJSDA Grant - Caroline Reutter	1590-070-13-1001	1,023,790.00	1/6/14	Closing			910,635.29	(910,635.29)			*		910,635.29
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Prog. (State Share)	15-100-010-3350-023	5,962.74	7/1/14	6/30/15			4,731.70	(5,962.74)	(1,231.04)				
National School Lunch Prog. (State Share)	14-100-010-3350-023	6,386.56	7/1/13	6/30/14	(808.43)		808.43				*		0.00
Total Enterprise Fund					(808.43)		916,175.42	(916,598.03)	(1,231.04)				910,635.29
Total State Financial Assistance Subject to OMB 04-04					\$ (942,152.49)	\$	\$ 10,362,856.11	\$ (10,363,331.67)	\$ (942,628.05)	\$	\$	\$ (831,864.00)	\$ 10,357,368.93
On Behalf TPAF Contributions Not Subject to OMB 04-04													
On-Behalf TPAF Post Retirement Medical	15-495-034-5095-001	685,445.00	7/1/14	6/30/15			\$ 685,445.00	\$ (685,445.00)					
On-Behalf TPAF Pension Contribution	15-495-034-5095-006	431,776.00	7/1/14	6/30/15			431,776.00	(431,776.00)					
Total State Financial Assistance							\$ 11,480,077.11	(11,480,552.67)					

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

Township of Franklin School District
Notes to the Schedules of Awards and Financial Assistance
For the Fiscal Year Ended June 30, 2015

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Franklin School District. The Board of Education is defined in Note 1 to the Board's basic financial statement. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund, where applicable, also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$13,107) for the general fund and \$7,720.81 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Township of Franklin School District
Notes to the Schedules of Awards and Financial Assistance
For the Fiscal Year Ended June 30, 2015

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis, including On-behalf TPAF Pension Contributions and Reimbursed TPAF Social Security Contributions, as presented below:

Fund	Federal	State	Total
General	\$ 10,525.45	\$ 10,550,847.64	\$ 10,561,373.09
Special Revenue	673,792.23		673,792.23
Capital Projects		910,635.29	910,635.29
Food Service	361,578.44	5,962.74	367,541.18
Total	<u>\$ 1,045,896.12</u>	<u>\$ 11,467,445.67</u>	<u>\$ 12,513,341.79</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments", if any, represent differences incurred in the liquidation of open orders and other adjustments.

NOTE 6. SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 7. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

NOTE 8. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

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

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

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 310,900

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

1) Material weakness (es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 and/or 15-08 yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Programs</u>
15-495-034-5120-078	Equalization Aid
15-495-034-5120-089	Special Education Categorical Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-098	PARCC Readiness
15-495-034-5120-097	Per Pupil Growth Aid
1590-070-13-1001	NJSDA Grant

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

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

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

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

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

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs
(continued)**

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

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

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 *Government Auditing Standards*, USOMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

STATUS OF PRIOR - YEAR FINDINGS

NONE