

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

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

OF THE

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

Prepared by
FRANKLIN TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION

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INTRODUCTORY SECTION

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

Dr. Carol A. Fredericks
Superintendent

Bernetta Davis
Business Administrator/Board Secretary

October 28, 2015

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

Dear Board Members:

State law requires that school districts publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Franklin Township School District for the fiscal year ended June 30, 2015.

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

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

The comprehensive annual financial report is presented in four sections:

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

The district is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act and the U.S. Office of Management and Budget Circular A-133. "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMC's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels PK through 8. These include regular programs as well as programs for students with special educational needs. The District completed the 2014-15 fiscal year with an enrollment of 291 students, which is 4 students less than the previous year's enrollment. The following details the changes in the average daily student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2005-06	377	(5.28%)
2006-07	354	(6.10%)
2007-08	347	(1.98%)
2008-09	343	(1.15%)
2009-10	341	(0.58%)
2010-11	309	(9.39%)
2011-12	303	(1.94%)
2012-13	294	(2.97%)
2013-14	295	0.03%
2014-15	297	0.67%

ECONOMIC CONDITION AND OUTLOOK

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

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

MAJOR INITIATIVES

During the 2014-2015 school year the district achieved the following major goals:

1. Social Studies and Special Education Curricula were updated district-wide, and aligned with the Common Core State Standards.
2. The district continued the Danielson Evaluation Rubric and Teachscape Evaluation system for all certified teaching staff members according to NJ Achieve Guidelines, and teachers completed SGOs.
3. A Parent Advisory Committee was continued, and met 5 times throughout the year, with activities for parent engagement.
4. The district completed year 3 of the 1-to-1 iPad initiative for grades K-8 and all teaching staff. PARCC testing was completed using the iPads.
5. The district implemented a solar grid and power purchase agreement.
6. The district managed legal expenditures conservatively and reduced legal expenditures.
7. The district continued to increase Choice student enrollment which generated new revenue.
8. The district implemented a double block of math instruction and a double block of ELA instruction for every student.
9. The district created a new STEM-Science, Technology, Engineering, and Math program.
10. A Theater Club was created, and the students produced Annie and Willy Wonka Kids.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

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

ACCOUNTING SYSTEM AND REPORTS

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

FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund, revenues and expenditures for the fiscal year ended June 30, 2015 and the amount and percentage of increases in relation to prior year revenues and expenditures.

<u>Revenue</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Inc./Dec.) from Prior Year</u>	<u>Percent of Inc./Dec.)</u>
Local Sources:				
Tax Levy:				
•General	\$5,230,664	81.76%	\$ 102,562	2.00%
•Debt Service	639,875	10.00%	(899)	-0.14%
Other				
Revenues	25,332	0.40%	(7,235)	-22.22%
State Aid	389,091	6.08%	14,576	3.89%
Federal Aid	112,945	1.77%	(5,814)	-4.90%
Total	<u>\$6,397,907</u>	<u>100.00%</u>	<u>\$ 103,190</u>	<u>1.64%</u>

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Inc.(Dec.) from Prior Year</u>	<u>Percent of Inc.(Dec.)</u>
Current				
Expense	\$5,227,521	85.72%	\$(232,161)	-4.25%
Capital Outlay	88,566	1.45%	(78,457)	-46.97%
Special				
Projects	142,654	2.34%	(4,429)	-3.01%
Debt Service:				
•Principal	440,000	7.21%	(10,000)	-2.22%
•Interest	199,875	3.28%	5,769	2.97%
	<u>\$6,098,616</u>	<u>100.00%</u>	<u>\$ (319,278)</u>	<u>-4.97%</u>

DEBT ADMINISTRATION

As a result of the successful passage of the bond referendum in December 2004, the district has \$5,335,000 of bonds outstanding.

CASH MANAGEMENT

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

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, workers compensation and fidelity bonds. The District has joined with other qualified New Jersey Districts to form the School Alliance Insurance Fund. This joint insurance fund

has saved the District an annual premium and provides more control through the involvement in management of the fund.


INDEPENDENT AUDIT

State statutes require an annual audit by independent Certified Public Accountants or registered municipal accounts. William M. Colantano, Jr., a licensed Certified Public Accountant with a team of CPA's, audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2015 are fairly represented in conformity with GAAP.

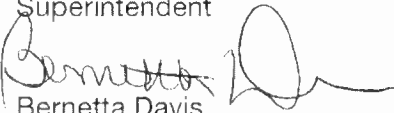
ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Franklin Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

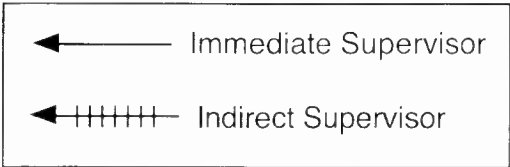
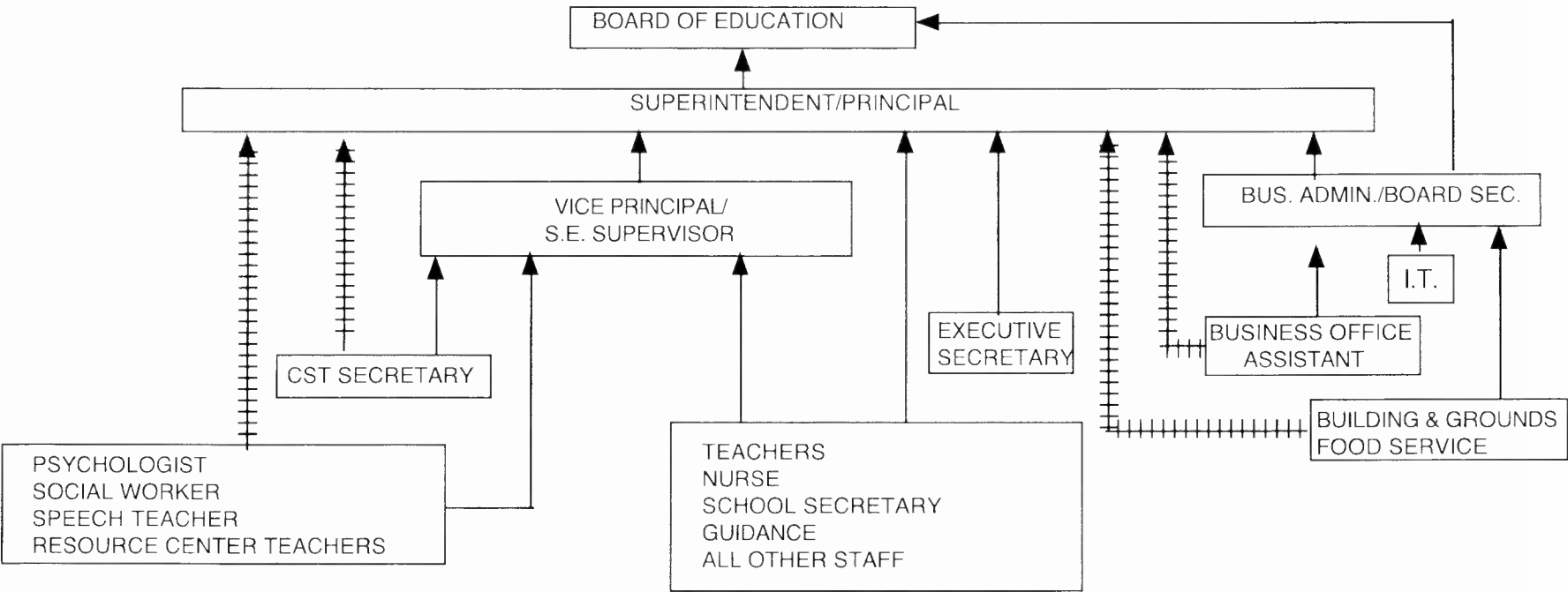


Dr. Carol A. Fredericks
Superintendent



Bernetta Davis
Business Administrator/Board Secretary

Franklin Township School Organizational Personnel Chart



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

ROSTER OF OFFICIALS
JUNE 30, 2015

Members of the Board of Education

Term Expires

Robert Masino, President	2016
George Burdick, Vice President	2017
Christine Crielly	2017
Andrea Homulak	2017
Cyrus Cama	2015
Frank Yasunas	2016
Terence French	2015

Other Officials

Dr. Carol A. Fredericks, Superintendent
Bernetta Davis, Business Administrator/Board Secretary
Abigail Kutz, Treasurer

FRANKLIN TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors
June 30, 2015

Audit Firm

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

Attorney

Isabel Machado
Machado Law Group
Clark Parkway Plaza
136 Central Avenue 2nd Floor
Clark, NJ 07066

Official Depository

Investors Bank
Flemington, NJ 08822

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

October 28, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

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

The discussion and analysis of the Franklin Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 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 transmittal letter, the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis of comparative information between the current year (14-15) and the prior year (13-14) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS ARE AS FOLLOWS:

- In total, net position increased \$517,780 which is a 9.29% decrease over 2014.
- General revenue accounted for \$7,233,735 in revenue or 96.34% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$274,861 or 3.66% of the total revenue of \$7,508,596.
- The School District had \$6,434,443 in expenses; only \$274,861 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primary tax levy) were adequate to provide for these programs.

Among governmental funds, the General Fund had \$6,056,697 in revenues and \$5,737,060 in expenditures. The General Fund's balance increased by \$296,177 over 2014 after a transfer of \$23,460 to the Unemployment Trust Fund.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

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

11.1

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

column. In the case of Franklin Township School District, the General Fund is by far the most significant fund.

REPORTING THE DISTRICT AS A WHOLE

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

While this document contains the various funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014-15?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The

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

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

governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position in 2015.

**Table 1
Net Position**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$ 1,001,603	\$ 701,167	\$ 300,436	42.85%
Capital Assets	12,198,232	12,524,078	(325,846)	-2.60%
Total Assets	13,199,835	13,225,245	(25,410)	-0.19%
Deferred Outflow of Resources	451,515	353,773	97,742	27.63%
LIABILITIES				
Long Term Liabilities	7,349,117	7,929,574	(580,457)	-7.32%
Other Liabilities	119,913	133,468	(13,555)	10.16%
Total Liabilities	7,469,030	8,063,042	(594,012)	-7.37%
Deferred Inflow of Resources	89,115	-	89,115	*
NET POSITION				
Invested in Capital Assets, Net of Related Debt	6,717,878	6,677,326	40,552	0.61%
Restricted	254,246	161,623	92,623	57.31%
Unrestricted	(878,919)	(1,263,524)	384,605	30.44%
Total Net Position	\$ 6,093,205	\$ 5,575,425	\$ 517,780	9.29%

* = Undefined

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

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

11.3

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

Table 2 shows the changes in net position for fiscal year 2015.

**Table 2
Changes in Net Position**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Revenues				
Program Revenues:				
Charges for Services	\$ 118,493	\$ 107,668	\$ 10,825	10.05%
Operating Grants and Contributions	156,368	161,664	(5,296)	-3.28%
General Revenues:				
Property Taxes	5,870,539	5,768,876	101,663	1.76%
Grants and Entitlements	1,349,588	737,015	612,573	83.12%
Other	13,608	69,385	(55,777)	-80.39%
Total Revenues	<u>7,508,596</u>	<u>6,844,608</u>	<u>663,988</u>	<u>9.70%</u>
Expenses				
Instruction:				
Regular	3,089,186	2,861,410	227,776	7.96%
Special	974,619	942,750	31,869	3.38%
Other	25,385	12,874	12,511	97.18%
Support Services:				
Tuition	297,520	326,465	(28,945)	-8.87%
Student & Instructional Related Services	757,493	717,766	39,727	5.53%
General & Business Administration	627,610	595,459	32,151	5.40%
School Administration	109,434	82,020	27,414	33.42%
Maintenance	472,717	474,002	(1,285)	-0.27%
Transportation	300,046	312,307	(12,261)	-3.93%
Transfer to Unemployment	-	96,306	(96,306)	-100.00%
Food Service	62,861	66,830	(3,969)	-5.94%
Preschool Program	48,709	20,275	28,434	140.24%
Interest on Long Term Debt	225,236	275,787	(50,551)	-18.33%
Total Expenses	<u>6,990,816</u>	<u>6,784,251</u>	<u>206,565</u>	<u>3.04%</u>
Increase (Decrease) in Net Position	<u>\$ 517,780</u>	<u>\$ 60,357</u>	<u>\$ 457,423</u>	<u>757.86%</u>

Governmental Activities

Property taxes made up 78.18% of operating revenues for governmental activities for the Franklin Township School District for the fiscal year 2015.

Instruction comprises 58.49% of the District's expenses. Support services expenses make up 38.29% of the District's expenses, and interest on debt made up 3.22% of the District's expenses.

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

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

Table 3 provides a summary of the School District's costs of governmental services in 2015.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Instruction	\$ 4,089,190	\$ 3,817,034	\$4,034,158	\$ 3,776,887
Support Services:				
Tuition	297,520	326,465	222,436	242,446
Student & Instructional Related Services	757,493	717,766	733,444	693,702
General & Business Administration	627,610	595,459	627,610	595,459
School Administration	109,434	82,020	109,434	82,020
Plant Operations & Maintenance	472,717	474,002	472,467	466,300
Transfer to Unemployment	-	96,306	-	96,306
Pupil Transportation	300,046	312,307	300,046	312,112
Food Services	62,861	66,830	(772)	(2,400)
Preschool Program	48,709	20,275	(8,104)	(23,700)
Interest on Long-Term Debt	225,236	275,787	225,236	275,787
	<u>\$ 6,990,816</u>	<u>\$ 6,784,251</u>	<u>\$ 6,715,955</u>	<u>\$ 6,514,919</u>

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

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

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

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

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

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

GENERAL FUND BUDGETING HIGHLIGHTS

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

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

During the course of the 2015 fiscal year, the district amended its general fund budget by transferring funds as needed to prevent over-expenditures in specific line item accounts. The most significant need for changes was custodial services and care and upkeep of grounds.

CAPITAL ASSETS

At the end of the fiscal year 2015, the School District had \$12,198,232 invested in land, buildings, furniture and equipment and construction in progress. Table 4 provides a summary of School District's capital assets net of depreciation for 2015.

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

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Land	\$ 285,100	\$ 285,100		
Land Improvements	62,128	7,818	\$ 54,310	694.68%
Buildings & Improvements	11,703,028	12,058,687	(355,659)	-2.95%
Machinery & Equipment	99,835	77,576	22,259	28.69%
Vehicles	40,670	49,926	(9,256)	-18.54%
Construction in Progress	7,471	47,971	(40,500)	-84.43%
	<u>\$ 12,198,232</u>	<u>\$ 12,527,078</u>	<u>\$ (328,846)</u>	<u>-2.63%</u>

LONG TERM LIABILITIES-DEBT ADMINISTRATION

As of June 30, 2015, the district had \$7,349,117 of long-term liabilities. Table 5 shows fiscal year 2015 balances compared to 2014.

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

Table 5 provides long term liabilities at June 30, 2015.

**Table 5
Outstanding Debt at Year End**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
2005 General Obligation Bonds		\$ 430,000	\$ (430,000)	-100.00%
2013 Refunding Bond Issue	\$ 5,335,000	5,345,000	(10,000)	-0.19%
Unamortized Premiums on Bonds	393,942	431,460	(37,518)	-8.70%
Capital Leases	74,424	153,724	(79,300)	-51.59%
Compensated Absences	50,404	61,468	(11,064)	-18.00%
PERS Net Pension Liability	1,495,347	1,507,922	(12,575)	-0.83%
	<u>\$ 7,349,117</u>	<u>\$ 7,929,574</u>	<u>\$ (580,457)</u>	<u>-7.32%</u>

FOR THE FUTURE

The Franklin Township School District is in sound financial condition. Continued emphasis will be placed upon efficient and effective management of resources by leveraging indirect and direct savings towards student programs and initiatives. Future plans include the following:

- Purchase of Chromebooks and iPad Air 3.
- Continuing to update curriculum in a timely manner, according to a board approved 5- year renewal cycle.
- Continuing to replace outdated textbooks and materials, and when possible to procure both hard-copy and e versions of textbooks.
- Implement security upgrades.
- Increasing sports activities for boys and girls, with coaching supported by the general fund budget.
- Sustaining Safety Patrol, National Jr. Honor Society, Student Council, Student sports and new Clubs.
- Sustaining a 2-week summer school.
- Introducing new programs such as "I run for life" boys' and girls' K-8 running program and 5k run.
- Offering cycle courses during the course of the additional 30 minutes available each day.
- Maintaining the Genesis student database and parent portal.
- Adopting the IEP direct program, interfaced with Genesis, for Special Education management.
- When possible, contributing to the Maintenance Reserve and Capital Reserve for facilitating long-term capital and maintenance projects without increasing the tax levy.
- Continue updates to playground equipment.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 594,825	\$ 77,067	\$ 671,892
Receivables, Net	67,529	4,408	71,937
Inventories		3,528	3,528
Restricted Assets:			
Capital Reserve	152,431		152,431
Maintenance Reserve	91,757		91,757
Capital Projects	872		872
Debt Service	9,186		9,186
Capital Assets, Net (Note 4)			
Land and Construction in Progress	292,571		292,571
Other Capital Assets, Net of Depreciation	11,897,388	8,273	11,905,661
Total Assets	<u>13,106,559</u>	<u>93,276</u>	<u>13,199,835</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Pension Activity	128,503		128,503
Deferred Amount on Refunding	323,012		323,012
Total Deferred Outflows of Resources	<u>451,515</u>	<u>-</u>	<u>451,515</u>
LIABILITIES			
Accounts Payable	21,468		21,468
Accrued Interest	70,623		70,623
Payable to Governments	9,976		9,976
Unearned Revenue	13,723	4,123	17,846
Long-Term Liabilities (Note 5):			
Due Within One Year	521,623		521,623
Due Beyond One Year	6,827,494		6,827,494
Total Liabilities	<u>7,464,907</u>	<u>4,123</u>	<u>7,469,030</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Pension Activity	89,115	-	89,115
NET POSITION			
Net Investment in Capital Assets	6,709,605	8,273	6,717,878
Restricted For:			
Capital Reserve	152,431		152,431
Maintenance Reserve	91,757		91,757
Capital Projects	6		6
Debt Service	10,052		10,052
Unrestricted	<u>(959,799)</u>	<u>80,880</u>	<u>(878,919)</u>
TOTAL NET POSITION	<u>\$ 6,004,052</u>	<u>\$ 89,153</u>	<u>\$ 6,093,205</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 2,228,682	\$ 860,504	\$ 11,511	\$ 36,041		\$ (3,041,634)		\$ (3,041,634)
Special Education	685,308	213,536		7,480		(891,364)		(891,364)
Other Special Instruction	49,313	26,462				(75,775)		(75,775)
Other Instruction	23,360	2,025				(25,385)		(25,385)
Support Services:								
Tuition	297,520			75,084		(222,436)		(222,436)
Students & Instruction Related Services	607,310	150,183		24,049		(733,444)		(733,444)
General & Business Administration Services	502,311	125,299				(627,610)		(627,610)
School Administration Services	83,225	26,209				(109,434)		(109,434)
Plant Operations & Maintenance	470,336	2,381	250			(472,467)		(472,467)
Pupil Transportation	293,789	6,257				(300,046)		(300,046)
Interest on Long-Term Debt	225,236					(225,236)		(225,236)
Total Governmental Activities	5,466,390	1,412,856	11,761	142,654	\$ -	(6,724,831)	\$ -	(6,724,831)
Business-Type Activities:								
Food Service	62,861		49,919	13,714			772	772
Preschool Program	48,709		56,813				8,104	8,104
Total Business-Type Activities	111,570	-	106,732	13,714	-	-	8,876	8,876
Total Primary Government	\$ 5,577,960	\$ 1,412,856	\$ 118,493	\$ 156,368	\$ -	(6,724,831)	8,876	(6,715,955)
General Revenues, Transfers & Special Items								
						5,230,664		5,230,664
						639,875		639,875
						1,349,588		1,349,588
						4,886	34	4,920
						8,688		8,688
						7,233,701	34	7,233,735
						508,870	8,910	517,780
						5,495,182	80,243	5,575,425
						\$ 6,004,052	\$ 89,153	\$ 6,093,205

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 582,802	\$ 12,023			\$ 594,825
Receivables from Other Governments:					
State	54,918				54,918
Federal		11,676			11,676
Due from Other Funds				\$ 866	866
Other Receivables	935				935
Restricted Cash & Equivalents	244,188		\$ 872	9,186	254,246
TOTAL ASSETS	\$ 882,843	\$ 23,699	\$ 872	\$ 10,052	\$ 917,466
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 21,468				\$ 21,468
Due to Other Funds			\$ 866		866
Payables to Governments:					
State		\$ 9,976			9,976
Unearned Revenue		13,723			13,723
Total Liabilities	21,468	23,699	866	\$ -	46,033

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus	\$ 30,990				\$ 30,990
Excess Surplus-Designated for Subsequent Year's Expenditures	14,083				14,083
Capital Project Fund Balance			\$ 6		6
Committed Fund Balance:					
Capital Reserve Account	152,431				152,431
Maintenance Reserve Account	91,757				91,757
Assigned Fund Balance:					
Year-End Encumbrances	329,387				329,387
Designated for Subsequent Year's Expenditures	7,417				7,417
Debt Service Fund Balance				\$ 10,052	10,052
Unassigned Fund Balance	235,310				235,310
Total Fund Balances	<u>861,375</u>	<u>\$ -</u>	<u>6</u>	<u>10,052</u>	<u>871,433</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 882,843</u>	<u>\$ 23,699</u>	<u>\$ 872</u>	<u>\$ 10,052</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

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

\$ 16,038,795	
3,848,836	
<u>12,189,959</u>	

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

(7,349,117)

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

(70,623)

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

39,388

For refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old or new debt whichever is shorter

Refunding Amount	399,917	
Accum Amort	76,905	
	<u>323,012</u>	

Total Net Position of Governmental Activities

\$ 6,004,052

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,230,664			\$ 639,875	\$ 5,870,539
Interest on Investments	4,883		\$ 3		4,886
Miscellaneous	20,449				20,449
Total	5,255,996	\$ -	3	639,875	5,895,874
State Sources	800,701	29,709			830,410
Federal Sources		112,945			112,945
Total Revenues	6,056,697	142,654	3	639,875	6,839,229
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	2,275,690	36,041			2,311,731
Special Education Instruction	677,828	7,480			685,308
Other Special Instruction	49,313				49,313
Other Instruction	23,360				23,360
Support Service & Undistributed Costs:					
Tuition	222,436	75,084			297,520
Student & Instruction Related Services	583,261	24,049			607,310
General & Business Administrative Services	502,311				502,311
School Administrative Services	83,225				83,225
Plant Operations and Maintenance	470,336				470,336
Pupil Transportation	293,789				293,789
Unallocated Benefits	466,945				466,945

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 52,430				\$ 52,430
Debt Service:					
Principal				\$ 440,000	440,000
Interest & Other Charges	36,136			199,875	236,011
Total Expenditures	<u>5,737,060</u>	<u>\$ 142,654</u>	<u>\$ -</u>	<u>639,875</u>	<u>6,519,589</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>319,637</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>319,640</u>
Other Financing Sources (Uses):					
Operating Transfer In (Out)	<u>(23,460)</u>			<u>-</u>	<u>(23,460)</u>
	<u>(23,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,460)</u>
Net Change in Fund Balance	296,177	-	3	-	296,180
Fund Balances, July 1	<u>565,198</u>		<u>3</u>	<u>10,052</u>	<u>575,253</u>
Fund Balances, June 30	<u>\$ 861,375</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 10,052</u>	<u>\$ 871,433</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$		296,180
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:			
Capital Outlays		\$ 52,430	
Depreciation Expense		<u>(377,142)</u>	(324,712)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and are not reported in the statement of activities:			
Debt Principal Payments		440,000	
Capital Lease Payments		<u>79,300</u>	519,300
Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:			
Amortization of Bond Premium			37,518
In the statement of activities, the deferred outflow from a refunding bond issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter.			
			(30,761)
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.			
			7,767
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense			
			(7,486)
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.			
			<u>11,064</u>
Change in Net Position of Governmental Activities	\$		<u><u>508,870</u></u>

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

	Food Service Fund	Preschool Program	Total
Current Assets:			
Cash & Cash Equivalents	\$ 10,614	\$ 66,453	\$ 77,067
Accounts Receivable:			
Intergovernment-State	39		39
Intergovernment-Federal	531		531
Other	1,671	2,167	3,838
Inventories	3,528		3,528
Total Current Assets	<u>16,383</u>	<u>68,620</u>	<u>85,003</u>
Fixed Assets:			
Capital Assets	21,667		21,667
Accumulated Depreciation	13,394		13,394
Total Fixed Assets	<u>8,273</u>	<u>-</u>	<u>8,273</u>
Total Assets	<u>24,656</u>	<u>68,620</u>	<u>93,276</u>
LIABILITIES			
Current Liabilities:			
Unearned Revenues	4,123		4,123
Total Liabilities	<u>4,123</u>	<u>-</u>	<u>4,123</u>
NET POSITION			
Net Investment in Capital Assets	8,273		8,273
Unrestricted	12,260	68,620	80,880
TOTAL NET POSITION	<u>\$ 20,533</u>	<u>\$ 68,620</u>	<u>\$ 89,153</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Food Service Fund	Preschool Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 34,239		\$ 34,239
Daily Sales-Nonreimbursable Programs	15,680		15,680
Fees for Services		\$ 56,813	56,813
Total Operating Revenues	<u>49,919</u>	<u>56,813</u>	<u>106,732</u>
Operating Expenses:			
Costs of Sales-Reimbursable Programs	19,084		19,084
Costs of Sales-Non Reimbursable Programs	8,740		8,740
Salaries	18,647	48,709	67,356
Employee Benefits	2,854		2,854
Purchased Property Services (Repairs)	1,960		1,960
Insurance	2,008		2,008
Management Fees (Net of Profit Guarantee)	2,445		2,445
Other Purchased Services	3,381		3,381
General Supplies	2,608		2,608
Total Operating Expenses	<u>62,861</u>	<u>48,709</u>	<u>111,570</u>
Operating Income (Loss)	<u>(12,942)</u>	<u>8,104</u>	<u>(4,838)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	589		589
Federal Sources:			
National School Lunch Program:			
Cash Assistance	8,345		8,345
Non-cash Assistance (Commodities)	4,780		4,780
Interest Earned on Investments	34		34
Total Nonoperating Revenues	<u>13,748</u>	<u>-</u>	<u>13,748</u>
Change in Net Position	806	8,104	8,910
Total Net Position, Beginning	<u>19,727</u>	<u>60,516</u>	<u>80,243</u>
Total Net Position, Ending	<u>\$ 20,533</u>	<u>\$ 68,620</u>	<u>\$ 89,153</u>

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

	Food Service Fund	Preschool Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers (Net)	\$ 50,191	\$ 54,934	\$ 105,125
Payments to Food Service Management Company	(56,548)		(56,548)
Payments to Vendors and Employees (Net)	(3,322)	(48,709)	(52,031)
Net Cash Provided by (Used For) Operating Activities	<u>(9,679)</u>	<u>6,225</u>	<u>(3,454)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	635		635
Federal Sources	8,426		8,426
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>9,061</u>	<u>-</u>	<u>9,061</u>
Cash Flows from Investing Activities:			
Interest Earned on Investments	34	-	34
Net Increase (Decrease) in Cash and Cash Equivalents	(584)	6,225	5,641
Cash and Cash Equivalents, July 1, 2014	11,198	60,228	71,426
Cash and Cash Equivalents, June 30, 2015	<u>\$ 10,614</u>	<u>\$ 66,453</u>	<u>\$ 77,067</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (12,942)	\$ 8,104	\$ (4,838)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	1,134		1,134
Federal Food Donation Program	4,780		4,780
(Increase) Decrease in Accounts Receivable	(1,671)	(1,879)	(3,550)
(Increase) Decrease in Inventory	(944)		(944)
Increase (Decrease) in Unearned Revenues	(36)		(36)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (9,679)</u>	<u>\$ 6,225</u>	<u>\$ (3,454)</u>

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

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Cash Equivalents	\$ 34,022	\$ 14,636	\$ 106,748
Due from Other Funds	4,644		
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>38,666</u>	<u>14,636</u>	<u>106,748</u>
LIABILITIES			
Due to Other Funds			4,644
Due to Student Groups		14,636	
Payroll Deductions & Withholdings			102,104
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 14,636</u>	<u>\$ 106,748</u>
NET POSITION	<u>\$ 38,666</u>		

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

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 4,644
Investment Earnings-Interest	109
Total Additions	<u>4,753</u>
DEDUCTIONS	
Unemployment Claims	<u>21,424</u>
Total Deductions	<u>21,424</u>
Other Financing Sources (Uses):	
Transfer in from the General Fund	<u>23,460</u>
Total Other Financing Sources (Uses)	<u>23,460</u>
Change in Net Position	6,789
Net Position, Beginning of the Year	<u>31,877</u>
Net Position, End of the Year	<u><u>\$ 38,666</u></u>

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.
- Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2015 of 306 students.

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

General Fund (Cont'd)

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

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

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

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

Enterprise Fund (Cont'd)

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

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

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

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

Fiduciary Fund Types

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

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if necessary are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

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

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

D. Budgets/Budgetary Control (Cont'd)

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

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

E. Encumbrances

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

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

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2014-2015 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

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

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

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

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

K. Compensated Absences

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

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

L. Unearned Revenue

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

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

M. Long-Term Obligations

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

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

N. Fund Balances-Governmental Funds

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

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

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

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

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

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

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

O. Comparative Data/Reclassifications

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

P. Allocation of Indirect Expenses

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

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

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

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

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

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

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

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

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

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits at June 30, 2015 appear in the financial statements as summarized below:

Cash and Cash Equivalents		<u>\$ 1,081,544</u>
	Ref.	
Cash and Cash Equivalents:		
Governmental Funds, Balance Sheet	B-1	\$ 849,071
Enterprise Fund, Statement of Net Position	B-4	77,067
Fiduciary Funds, Statement of Net Position	B-7	<u>155,406</u>
Total Cash		<u>\$ 1,081,544</u>

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

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

Deposits – The District's carrying amount of bank deposits at June 30, 2015 is \$1,081,544 and the bank balance is \$1,289,068. Of the bank balance, \$250,000 is covered by federal depository insurance and \$1,039,068 is insured by GUDPA.

Deposit and Investment Risk

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

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

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

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

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2015, the district had no investments.

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 285,100			\$ 285,100
Construction in Progress	47,971	\$ 19,958	\$ 60,458	7,471
	<u>333,071</u>	<u>19,958</u>	<u>60,458</u>	<u>292,571</u>

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

NOTE 4. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Being Depreciated:				
Land Improvements	\$ 113,106	\$ 60,458		\$ 173,564
Building & Improvements	14,665,700			14,665,700
Furniture & Equipment	824,434	32,472		856,906
Vehicles	50,054			50,054
Total	<u>15,653,294</u>	<u>92,930</u>	<u>\$ -0-</u>	<u>15,746,224</u>
Accumulated Depreciation:				
Land Improvements	105,288	6,148		111,436
Building & Improvements	2,607,013	355,659		2,962,672
Furniture & Equipment	756,265	9,079		765,344
Vehicles	3,128	6,256		9,384
Total	<u>3,471,694</u>	<u>377,142</u>	<u>-0-</u>	<u>3,848,836</u>
Total Capital Assets, Being Depreciated, Net	<u>12,181,600</u>	<u>(284,212)</u>	<u>-0-</u>	<u>11,897,388</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,514,671</u>	<u>\$ (264,254)</u>	<u>\$ 60,458</u>	<u>\$ 12,189,959</u>
Business-Type Activities:				
Furniture & Equipment	\$ 21,667			\$ 21,667
Less: Accum Depreciation	12,260	\$ 1,134		13,394
Business-Type Activities Capital Assets, Net	<u>\$ 9,407</u>	<u>\$ (1,134)</u>	<u>\$ -0-</u>	<u>\$ 8,273</u>

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

Instruction:	
Regular	\$ 200,364
Special Education	59,397
Other Special Instruction	4,274
Other Instruction	2,025
Support Services:	
Student & Instruction	52,637
General & Business Admin	43,536
School Administration	7,213
Plant Maintenance	1,439
Transportation	6,257
Total Depreciation Expense, Governmental Activities	<u>\$ 377,142</u>

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

NOTE 5. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 5,775,000		\$ 440,000	\$ 5,335,000	\$ 460,000
Unamortized Bond Premium	431,460		37,518	393,942	37,518
Capital Leases Payable	153,724		79,300	74,424	24,105
PERS Net Pension Liability	1,507,922		12,575	1,495,347	
Compensated Absences Payable	61,468	\$ 12,907	23,971	50,404	
Total Governmental Activities Long-Term Liabilities	<u>\$ 7,929,574</u>	<u>\$ 12,907</u>	<u>\$ 593,364</u>	<u>\$ 7,349,117</u>	<u>\$ 521,623</u>

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

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 460,000	\$ 183,550	\$ 643,550
2017	475,000	169,750	644,750
2018	490,000	155,500	645,500
2019	505,000	140,800	645,800
2020	520,000	125,650	645,650
2021-2025	2,885,000	349,450	3,234,450
Total	<u>\$ 5,335,000</u>	<u>\$ 1,124,700</u>	<u>\$ 6,459,700</u>

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

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

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

\$5,380,000-2013 refunding general obligation bond, interest from 2.00% to 4.00% due in annual installments beginning Feb 15, 2015 through Feb 15, 2025	\$ <u>5,335,000</u>
	\$ <u>5,335,000</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2014 is \$16,847,721. General obligation debt at June 30, 2015 is \$5,335,000, resulting in a legal debt margin of \$11,512,721.

Capital Leases Payable

The District is leasing technology equipment, a bus, textbooks and a playground system under capital leases. The following is a schedule of the future minimum lease payments under the lease and the net minimum lease payments at June 30, 2015:

<u>Year Ending June</u>	<u>General Fund</u>
2016	\$ 26,256
2017	26,256
2018	26,256
	78,768
Amount Representing Interest	4,344
	\$ 74,424

NOTE 6. PENSION PLANS

Description of Systems

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

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

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

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

The following represents the membership tiers for PERS:

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

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

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

NOTE 6. PENSION PLANS

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

Allocation Methodology and Reconciliation to Financial Statements

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

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

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

Contributions

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

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

NOTE 6. PENSION PLANS (Cont'd)

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

Contributions (cont'd)

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

Collective Net Pension Liability and Actuarial Information

Components of Net Pension Liability

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

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 3,120,559	\$ 2,940,757
Plan Fiduciary Net Position	<u>1,625,212</u>	<u>1,432,835</u>
Net Pension Liability	<u>\$ 1,495,347</u>	<u>\$ 1,507,922</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

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

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

NOTE 6. PENSION PLANS (Cont'd)

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

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

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

Discount Rate

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

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

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

	<u>2014</u>
At Current Discount Rate (5.39%)	\$ 1,495,347
At a 1% Lower Rate (4.39%)	1,881,197
At a 1% Higher Rate (6.39%)	1,171,331
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 1,507,922
At a 1% Lower Rate (4.55%)	1,877,164
At a 1% Higher Rate (6.55%)	1,198,546

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

NOTE 6. PENSION PLANS (Cont'd)

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

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience Changes of assumptions	\$ -0- 47,022	\$ -0-
Net difference between projected and actual earnings on pension plan investments		89,115
Changes in proportion and differences between District contributions and proportionate share of contributions		81,379
District contributions subsequent to the measurement date	<u>65,842</u>	
Total	<u>\$ 112,864</u>	<u>\$ 170,494</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) of \$65,842 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred Outflows of Resources:				
Changes of Assumptions	\$ -0-	\$ 55,666	\$ 8,644	\$ 47,022
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	111,394	22,279	<u>89,115</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (42,093)</u>

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

NOTE 6. PENSION PLANS (Cont'd)

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

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

<u>Year Ending June 30,</u>	
2015	\$ (13,635)
2016	(13,635)
2017	(13,635)
2018	(13,635)
2019	8,644
Thereafter	<u>3,803</u>
Total	<u>\$ (42,093)</u>

Pension Expense

For the year ended June 30, 2015, the District recognized net pension expense of \$73,328 which represents the District's proportionate share of allocable plan pension expense of \$76,880 less the net amortization of deferred amounts from changes in proportion of \$2,875 and less other adjustments to the net pension liability of \$6,427. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2014 are as follows:

Service Cost	\$ 69,964
Interest on Total Pension Liability	165,074
Member Contributions	(38,315)
Administrative Expense	1,167
Expected Investment Return Net of Investment Expense	(106,900)
Pension Expense Related to Specific Liabilities of Individual Employers	(475)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	8,644
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	<u>(22,279)</u>
Pension Expense	<u>\$ 76,880</u>

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

NOTE 6. PENSION PLANS (Cont'd)

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

Plan Description

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

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

The following represents the membership tiers for TPAF:

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

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

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

NOTE 6. PENSION PLANS (Cont'd)

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

Special Funding Situation

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

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

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 11,273,116	\$10,200,574
Employer Pension Expense & Related Revenue	548,887	N/A
Non-Employer Contribution	81,073	144,466
Allocable Proportionate Percentage	0.0190854907%	0.0223056821%

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,200 for 2015) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

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

NOTE 6. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (Cont'd)

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

Contribution Requirements

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

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/15	\$ 280,857	100%
06/30/14	213,122	100%
06/30/13	307,102	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/15	\$ 67,842	100%
06/30/14	61,404	100%
06/30/13	58,511	100%

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

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements (Cont'd)

During the year ended June 30, 2015, the State of New Jersey contributed \$172,313 to the TPAF for post-retirement medical benefits, \$7,285 for non-contributory insurance premiums and \$101,259 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$163,576 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the state contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

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

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

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

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

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

Plan Description (cont'd)

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

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

NOTE 8. DEFERRED COMPENSATION

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

VALIC
Siracusa Benefits
Lincoln Investment Planning

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The following interfund balances remained on the various balance sheets at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
Capital Projects Fund		\$ 866
Debt Service Fund	\$ 866	
Fiduciary Fund:		
Unemployment Compensation	4,644	
Payroll Agency		4,644
	<u>\$ 5,510</u>	<u>\$ 5,510</u>

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

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES (Cont'd)

The balance due from the Capital Projects Fund to the Debt Service Fund of \$866 represents interest earnings designated to the Debt Service Fund.

The transfer of \$23,460 from the General Fund to the Unemployment Compensation Fund represents a board contribution.

NOTE 10. INVENTORY

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

Food	\$	3,050
Supplies		<u>478</u>
	\$	<u><u>3,528</u></u>

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

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. RISK MANAGEMENT

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

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

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

NOTE 12. RISK MANAGEMENT

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

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 23,460	\$ 109	\$ 4,644	\$ 21,424	\$ 38,666
2013-2014	96,306	96	4,467	79,222	31,877
2012-2013	28,000	79	8,964	12,999	10,230

NOTE 13. LEGAL RESERVE ACCOUNTS

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

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

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$55,000 to their Capital Reserve account and \$55,000 to their Maintenance Reserve Account by board resolution in June 2015 as summarized in the following schedule.

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

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Return Unused With- drawal</u>	<u>With- drawal</u>	<u>Ending Balance</u>
Capital	\$ 97,266	\$ 55,000	\$ 165			\$ 152,431
Maintenance	54,302	55,000			\$ 17,545	91,757
Totals	<u>\$ 151,568</u>	<u>\$ 110,000</u>	<u>\$ 165</u>	<u>\$ -0-</u>	<u>\$ 17,545</u>	<u>\$ 244,188</u>

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

NOTE 14. FUND BALANCES-BUDGETARY BASIS

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

	<u>2015</u>	<u>2014</u>
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 30,990	\$ 14,083
Excess Surplus-Designated for Subsequent Year's Expenditures-Represents amount appropriated in the succeeding years budget to reduce tax requirements	14,083	58,051
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	152,431	97,266
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	91,757	54,302
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	329,387	106,423
Designated Surplus-Designated for subsequent year's Expenditures-Represents amount appropriated in the succeeding year's budget to reduce tax requirements	7,417	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>260,768</u>	<u>257,417</u>
Total Fund Balance	<u>\$ 886,833</u>	<u>\$ 587,542</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$30,990.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 28, 2015, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

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

NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

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

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

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

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

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

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

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

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2015, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 68, for pension liabilities, adjustments to the net position for the net pension liability and deferred outflows of resources as of the measurement date of June 30, 2014 are necessary. The following is a summary of the District's restatement of net position as of June 30, 2014:

	<u>Governmental Activities</u>
Net Position, June 30, 2014 as Originally Stated	\$ 7,749,626
Add: Deferred Outflow of Resources for Pension Activity	120,445
Less: Net Pension Liability as of June 30, 2014	<u>(3,055,084)</u>
 Net Position, June 30, 2014 as Restated	 <u>\$ 4,814,987</u>

NOTE 19. DEFICIT BALANCE IN UNRESTRICTED NET POSITION

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2015 of \$959,799 on schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,230,664		\$ 5,230,664	\$ 5,230,664	
Interest Earned on Capital Reserve Funds				165	\$ 165
Interest Earned on Investments and Deposits				4,718	4,718
Other Restricted Miscellaneous Revenues	6,000		6,000	20,449	14,449
Total	5,236,664	\$ -	5,236,664	5,255,996	19,332
State Sources:					
School Choice Aid	64,490		64,490	64,490	
Categorical Transportation Aid	29,391		29,391	29,391	
Categorical Special Education Aid	187,645		187,645	187,645	
Categorical Security Aid	16,708		16,708	16,708	
Extraordinary Special Education Costs Aid	45,000		45,000	51,742	6,742
PARCC Readiness Aid	2,690		2,690	2,690	
Per Pupil Growth Aid	2,690		2,690	2,690	
Non Public Transportation Aid				4,026	4,026
On-Behalf TPAF Pension Contributions				108,544	108,544
On-Behalf TPAF Post Retirement Medical Benefits				172,313	172,313
Reimbursed TPAF Social Security Contribution				163,576	163,576
Total	348,614	-	348,614	803,815	455,201
TOTAL REVENUES	\$ 5,585,278	\$ -	\$ 5,585,278	\$ 6,059,811	\$ 474,533
EXPENDITURES					
Current:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Preschool	\$ 1,040	\$ 4,009	\$ 5,049	\$ 4,762	\$ 287
Kindergarten	177,140	2,760	179,900	171,743	8,157
Grades 1-5	813,900	92,879	906,779	860,815	45,964
Grades 6-8	706,476	(126,363)	580,113	539,385	40,728
Home Instruction:					
Salaries of Teachers	1,000	140	1,140	1,140	
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	47,839	21,576	69,415	67,804	1,611
Purchased Professional- Educational Services	6,000	(429)	5,571	5,571	
Purchased Technical Services	25,400	(2,149)	23,251	22,492	759
Other Purchased Services	56,619	(7,280)	49,339	48,974	365
General Supplies	132,315	93,553	225,868	137,549	88,319
Textbooks	24,996	14,836	39,832	39,832	
Other Objects	2,040	(2,040)			
Total	1,994,765	91,492	2,086,257	1,900,067	186,190
Special Education:					
Resource Room:					
Salaries of Teachers	307,616	1,786	309,402	299,964	9,438
Other Purchased Services	245,584	(65,821)	179,763	151,122	28,641
General Supplies	4,537	(1,559)	2,978	2,978	
Total	557,737	(65,594)	492,143	454,064	38,079
Preschool Disabilities-Full-Time:					
Salaries of Teachers	31,212	(4,278)	26,934	3,060	23,874
Purchased Professional-Educational Services	108,999		108,999	89,389	19,610
General Supplies	918	(58)	860		860
Total	141,129	(4,336)	136,793	92,449	44,344
Cognitive-Severe:					
Salaries of Teachers	6,500	(2,000)	4,500	3,426	1,074
Other Salaries for Instruction		2,000	2,000		2,000
Total	6,500	-	6,500	3,426	3,074
Total Special Education	705,366	(69,930)	635,436	549,939	85,497

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Basic Skills/Remedial Instruction:					
Salaries of Teachers	\$ 49,703		\$ 49,703	\$ 48,155	\$ 1,548
General Supplies	1,100	\$ 63	1,163	1,158	5
Total	50,803	63	50,866	49,313	1,553
School-Sponsored Co/Extra Curr Activities					
Salaries	15,000	(15,000)	-	-	-
School-Sponsored Athletics-Instruction:					
Salaries	2,347		2,347		2,347
Supplies and Materials	1,000	4,786	5,786	5,781	5
Total	3,347	4,786	8,133	5,781	2,352
Instructional Alt Ed Program					
Salaries	15,000	2,579	17,579	17,579	-
Total Instruction Regular	\$ 2,784,281	\$ 13,990	\$ 2,798,271	\$ 2,522,679	\$ 275,592
Undistributed Expenditures:					
Tuition:					
Tuition to Other LEAs With/In the State-Special	\$ 229,200	\$ (63,091)	\$ 166,109	\$ 166,109	
Tuition Private School for the Disabled With/In the State		56,327	56,327	56,327	
Total	229,200	(6,764)	222,436	222,436	\$ -
Attendance & Social Work:					
Salaries	24,748	215	24,963	24,263	700
Health Services:					
Salaries	62,536	6,909	69,445	60,039	9,406
Purchased Professional & Technical Services	1,600	50	1,650	1,650	
Other Purchased Services	94		94	92	2
Supplies & Materials	1,944	(15)	1,929	1,744	185
Total	66,174	6,944	73,118	63,525	9,593
Speech, OT, PT & Related Services:					
Purchased Professional Educational Services	64,635	2,800	67,435	62,794	4,641
Supplies & Materials	600	(5)	595	552	43
Total	65,235	2,795	68,030	63,346	4,684
Guidance:					
Salaries of Other Professional Staff	52,648	18,156	70,804	64,519	6,285
Supplies and Materials	1,000		1,000	997	3
Total	53,648	18,156	71,804	65,516	6,288
Child Study Team:					
Salaries of Other Professional Staff		45,241	45,241	42,771	2,470
Salaries of Secretarial and Clerical Assistants	45,169		45,169	43,264	1,905
Purchased Professional Educational Services	165,000	(75,036)	89,964	79,273	10,691
Miscellaneous Purchased Services	1,000	598	1,598	598	1,000
Supplies & Materials	500	90	590	588	2
Total	211,669	(29,107)	182,562	166,494	16,068

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

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 2,500		\$ 2,500	\$ 1,980	\$ 520
Salaries of Other Professional Staff	80,000		80,000	78,674	1,326
Purchased Professional Educational Services	1,073	\$ (182)	891		891
Supplies & Materials	1,500		1,500	855	645
Total	85,073	(182)	84,891	81,509	3,382
Educational Media Service/School Library:					
Salaries	11,608	100	11,708	11,608	100
Purchased Professional & Technical Services	900	(50)	850	850	
Supplies & Materials	5,000	96	5,096	5,096	
Total	17,508	146	17,654	17,554	100
Instructional Staff Training Services:					
Other Purchased Services	2,040		2,040	1,133	907
Other Objects	510		510		510
Total	2,550	-	2,550	1,133	1,417
Support Services-General Administration:					
Salaries	159,530	3,056	162,586	162,186	400
Legal Services	40,992	(8,679)	32,313	32,313	
Audit Fees	16,000		16,000	15,500	500
Other Purchased Professional Services	17,606		17,606	100	17,506
Communications/Telephone	10,200	(47)	10,153	9,629	524
Board of Education Other Purchased Services	600		600		600
Miscellaneous Purchased Services	21,425	(6,861)	14,564	14,564	
General Supplies	4,750		4,750	2,670	2,080
Board of Education In-House Training/Meeting Supplies	600		600	133	467
Miscellaneous Expenditures	4,350	548	4,898	4,898	
Board of Education Membership Dues and Fees	4,500		4,500	3,592	908
Total	280,553	(11,983)	268,570	245,585	22,985
Support Services-School Administration:					
Salaries of Principals/Assistant Principals/Program Director	45,000	(225)	44,775	42,344	2,431
Salaries of Secretarial and Clerical Assistants	25,788	215	26,003	25,263	740
Supplies & Materials	600		600	504	96
Total	71,388	(10)	71,378	68,111	3,267
Central Services:					
Salaries	139,248	(57)	139,191	136,800	2,391
Purchased Professional Services	17,650		17,650	17,247	403
Supplies & Materials	2,412	(205)	2,207	1,857	350
Miscellaneous Expenditures	1,700	448	2,148	2,148	
Total	161,010	186	161,196	158,052	3,144
Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	53,008	29,177	82,185	78,985	3,200
General Supplies	20,900	(11,657)	9,243	9,243	
Total	73,908	17,520	91,428	88,228	3,200

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Custodial Services:					
Salaries	\$ 11,608	\$ 100	\$ 11,708	\$ 11,608	\$ 100
Purchased Professional & Technical Services	194,673	(179,010)	15,663	15,663	
Cleaning, Repair, & Maintenance Services	31,000	189,884	220,884	171,128	49,756
Insurance	36,925	(2,253)	34,672	34,672	
General Supplies	4,000	8,531	12,531	4,326	8,205
Energy (Natural Gas)	3,500	(3,335)	165	165	
Energy (Electricity)	60,000	11,724	71,724	71,724	
Energy (Oil)	60,000	11,888	71,888	71,888	
Total	401,706	37,529	439,235	381,174	58,061
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Svc.	-	31,800	31,800	-	31,800
Student Transportation Services:					
Salaries of Noninstructional Aides	27,000	(506)	26,494	25,429	1,065
Management Fee-ESC & CTSA Trans Program	1,186	(1,186)			
Cleaning, Repair, & Maintenance Services		2,160	2,160	2,117	43
Lease Purchase Payments--School Buses	11,290	14,966	26,256	26,256	
Transportation Supplies	7,000	(1,263)	5,737	5,737	
Contracted Services (Other than Bet Home & Sch)-Vendor	3,380	1,573	4,953	4,481	472
Contracted Services (Between Home & Sch)-Joint Agrmts	147,702	(1,573)	146,129	145,780	349
Contracted Services (Sp Ed Students)-ESCs & CTSA's	48,000	(142)	47,858	44,853	3,005
Contracted Services-Aid in Lieu Pymts-NonPub Sch	60,692	(21,556)	39,136	39,136	
Total	306,250	(7,527)	298,723	293,789	4,934
Allocated Benefits:					
Employee Benefits:					
Regular Programs:					
Social Security Contributions	14,974	(2,809)	12,165	12,165	
Other Retirement Contributions-PERS	11,822	12,560	24,382	24,382	
Workmen's Compensation	18,463	(1,178)	17,285	17,285	
Health Benefits	389,134	(87,782)	301,352	301,352	
Tuition Reimbursement	6,000	(2,233)	3,767	3,767	
Other Employee Benefits	17,000	(328)	16,672	16,672	
Total	457,393	(81,770)	375,623	375,623	-
Special Programs:					
Social Security Contributions		1,985	1,985	1,985	
Other Retirement Contributions-PERS	30,000	(2,000)	28,000	28,000	
Workmen's Compensation	3,089	(197)	2,892	2,892	
Health Benefits	69,763	24,451	94,214	94,214	
Other Employee Benefits	3,264	(1,943)	1,321	798	523
Total	106,116	22,296	128,412	127,889	523
Attendance & Social Work:					
Social Security Contributions	1,893	(1,893)			
Other Retirement Contributions-PERS	2,774	25	2,799	2,799	
Workmen's Compensation	247	(15)	232	232	
Health Benefits	9,943	(246)	9,697	9,697	
Other Employee Benefits	92	27	119	119	
Total	14,949	(2,102)	12,847	12,847	-
Health Services:					
Social Security Contributions	383		383		383
Workmen's Compensation	589		589	551	38
Health Benefits	11,500	291	11,791	11,791	
Other Employee Benefits	185		185	185	
Total	12,657	291	12,948	12,527	421
Speech, OT, PT, & Related Services:					
Social Security Contributions	153	(101)	52		52
Workmen's Compensation	625		625	585	40
Other Employee Benefits	184	101	285	285	
Total	962	-	962	870	92

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

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Allocated Benefits: (cont'd)					
Employee Benefits: (cont'd)					
Guidance:					
Workmen's Compensation	\$ 526		\$ 526	\$ 493	\$ 33
Health Benefits	23,124	\$ (1,208)	21,916	21,231	685
Other Employee Benefits	185	27	212	212	
Total	23,835	(1,181)	22,654	21,936	718
Child Study Team:					
Social Security Contributions	3,376	3,573	6,949	6,949	
Other Retirement Contributions-PERS	5,063	380	5,443	5,443	
Workmen's Compensation	441		441	413	28
Health Benefits	22,323	715	23,038	21,524	1,514
Other Employee Benefits	185	102	287	287	
Total	31,388	4,770	36,158	34,616	1,542
Improvement of Instruction Services:					
Social Security Contributions		415	415	415	
Workmen's Compensation	900		900	841	59
Health Benefits	18,920	(1,809)	17,111	15,084	2,027
Other Employee Benefits	576	209	785	785	
Total	20,396	(1,185)	19,211	17,125	2,086
Support Services-General Administration:					
Social Security Contributions	4,424		4,424	4,369	55
Other Retirement Contributions-PERS	6,025	89	6,114	6,114	
Workmen's Compensation	2,086		2,086	1,953	133
Health Benefits	34,724	(2,832)	31,892	31,892	
Other Employee Benefits	964	403	1,367	1,367	
Total	48,223	(2,340)	45,883	45,695	188
Support Services-School Administration:					
Social Security Contributions	1,969	(15)	1,954	1,913	41
Other Retirement Contributions-PERS	2,890	(73)	2,817	2,817	
Workmen's Compensation	607		607	568	39
Health Benefits	9,384	313	9,697	9,697	
Other Employee Benefits	92	27	119	119	
Total	14,942	252	15,194	15,114	80
Support Services-Central Services:					
Social Security Contributions	3,630	(84)	3,546	3,546	
Other Retirement Contributions-PERS	4,806	71	4,877	4,877	
Workmen's Compensation	1,392	(88)	1,304	1,304	
Health Benefits	42,832	(408)	42,424	42,078	346
Other Employee Benefits	853	321	1,174	1,174	
Total	53,513	(188)	53,325	52,979	346
Custodial Benefits:					
Social Security Contributions	888	46	934	934	
Total	888	46	934	934	-
Total Allocated Benefits	785,262	(61,111)	724,151	718,155	5,996
Unallocated Benefits:					
Employee Benefits:					
Social Security Contributions	11,730	2,484	14,214	14,214	
Other Retirement Contributions-PERS	8,160		8,160	8,160	
Unemployment Compensation	23,460	(23,460)			
Workmen's Compensation	146	(8)	138	138	
Total Unallocated Benefits	43,496	(20,984)	22,512	22,512	-

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Pension Contributions				\$ 108,544	\$ (108,544)
On-Behalf TPAF Post Retirement Medical Benefits				172,313	(172,313)
Reimbursed TPAF Social Security Contribution				163,576	(163,576)
Total	\$ -	\$ -	\$ -	444,433	(444,433)
Total Undistributed Expenditures	\$ 2,879,377	\$ (22,377)	\$ 2,857,000	\$ 3,125,815	\$ (268,815)
TOTAL CURRENT	\$ 5,663,658	\$ (8,387)	\$ 5,655,271	\$ 5,648,494	\$ 6,777
CAPITAL OUTLAY					
Equipment:					
Grades 1-5		\$ 4,075	\$ 4,075	\$ 4,075	
Care and Upkeep for Grounds	\$ 30,000	(1,603)	28,397	28,397	
Facilities Acquisition and Construction Services:					
Construction Services	19,958		19,958	19,958	
NJ SDA Debt Service Assessment	36,136		36,136	36,136	
TOTAL CAPITAL OUTLAY	\$ 86,094	\$ 2,472	\$ 88,566	\$ 88,566	\$ -
TOTAL EXPENDITURES	\$ 5,749,752	\$ (5,915)	\$ 5,743,837	\$ 5,737,060	\$ 6,777
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (164,474)	\$ 5,915	\$ (158,559)	\$ 322,751	\$ 481,310
Other Financing Sources (Uses):					
Transfers Out-Unemployment Compensation Fund		(23,460)	(23,460)	(23,460)	
Total Other Financing Sources (Uses):	-	(23,460)	(23,460)	(23,460)	-
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(164,474)	(17,545)	(182,019)	299,291	481,310
Fund Balances, July 1	587,542	-	587,542	587,542	-
Fund Balances, June 30	\$ 423,068	\$ (17,545)	\$ 405,523	\$ 886,833	\$ 481,310
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (106,423)		\$ (106,423)	\$ (106,423)	
Increase in Capital Reserve		\$ 55,000	55,000	55,165	\$ 165
Increase in Maintenance Reserve		55,000	55,000	55,000	
Withdrawal from Maintenance Reserve		(17,545)	(17,545)	(17,545)	
Budgeted Fund Balance	(58,051)	(110,000)	(168,051)	313,094	481,145
TOTAL	\$ (164,474)	\$ (17,545)	\$ (182,019)	\$ 299,291	\$ 481,310
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Excess Surplus:					
Prior Year-Designated for 2015-2016 Budget				\$ 14,083	
Current Year-Designated for 2016-2017 Budget				30,990	
					\$ 45,073
Committed Fund Balance:					
Capital Reserve				152,431	
Maintenance Reserve				91,757	
					244,188
Assigned Fund Balance:					
Year-End Encumbrances					329,387
Designated for Subsequent Year's Expenditures					7,417
Unassigned Fund Balance					260,768
					886,833
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					(25,458)
Fund Balance Per Governmental Funds (GAAP)					\$ 861,375

FRANKLIN TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	\$ 39,685		\$ 39,685	\$ 29,709	\$ (9,976)
Federal Sources	120,487		120,487	112,945	(7,542)
TOTAL REVENUES	<u>\$ 160,172</u>	<u>\$ -</u>	<u>\$ 160,172</u>	<u>\$ 142,654</u>	<u>\$ (17,518)</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 6,603		\$ 6,603	\$ 6,603	
Purchased Professional & Technical Services	12,762		12,762	7,480	\$ 5,282
Other Purchased Services	2,260		2,260		2,260
General Supplies	23,778		23,778	23,778	
Textbooks	5,660		5,660	5,660	
Totals	<u>51,063</u>	<u>\$ -</u>	<u>51,063</u>	<u>43,521</u>	<u>7,542</u>
Support Services:					
Purchased Professional & Technical Services	34,025		34,025	24,049	9,976
Tuition	75,084		75,084	75,084	
Totals	<u>109,109</u>	<u>-</u>	<u>109,109</u>	<u>99,133</u>	<u>9,976</u>
TOTAL EXPENDITURES	<u>\$ 160,172</u>	<u>\$ -</u>	<u>\$ 160,172</u>	<u>\$ 142,654</u>	<u>\$ 17,518</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 6,059,811	\$ 142,654
<p>The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):</p>		
State Aid Receivable Prior Year	22,344	
State Aid Receivable Current Year	(25,458)	
Total Revenues (GAAP Basis)	\$ 6,056,697	\$ 142,654
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 5,737,060	\$ 142,654
Total Expenditures (GAAP Basis)	\$ 5,737,060	\$ 142,654

REQUIRED SUPPLEMENTARY INFORMATION-PART III

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.00%	0.00%							
District's Proportion of the Net Pension Liability (Asset)- Value	N/A	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		10,200,574	11,273,116							
Total	\$ -	\$ 10,200,574	\$ 11,273,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 2,267,805	\$ 2,024,616							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 108,544	\$ 80,740	\$ 144,128	\$ 87,092	\$ 7,477	\$ 8,278	\$ 8,848	\$ 191,675	\$ 180,547	\$ 25,104
Contributions in Relation to the Contractually Required Contribution	(108,544)	(80,740)	(144,128)	(87,092)	(7,477)	(8,278)	(8,848)	(191,675)	(180,547)	(25,104)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 2,286,558	\$ 2,267,805	\$ 2,024,616	\$ 1,912,015	\$ 2,224,022	\$ 2,596,927	\$ 2,351,616	\$ 2,470,687	\$ 2,509,815	\$ 2,579,260
Contributions as a Percentage of Covered Employee Payroll	4.75%	3.56%	7.12%	4.55%	0.34%	0.32%	0.38%	7.76%	7.19%	0.97%

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.0079867967%	0.0078899285%							
District's Proportion of the Net Pension Liability (Asset)- Value		\$ 1,495,347	\$ 1,507,922							
District's Covered Employee Payroll	N/A	239,690	549,155	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		623.87%	274.59%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 65,845	\$ 59,449	\$ 58,511	\$ 55,025	\$ 18,497	\$ 18,957	\$ 16,371	\$ 19,913	\$ 11,072	\$ 7,896
Contributions in Relation to the Contractually Required Contribution	(65,845)	(59,449)	(58,511)	(55,025)	(18,497)	(18,957)	(16,371)	(19,913)	(11,072)	(7,896)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 256,430	\$ 239,690	\$ 549,155	\$ 553,475	\$ 495,256	\$ 465,361	\$ 500,574	\$ 226,702	\$ 338,003	\$ 324,056
Contributions as a Percentage of Covered Employee Payroll	25.68%	24.80%	10.65%	9.94%	3.73%	4.07%	3.27%	8.78%	3.28%	2.44%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART III

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

JUNE 30, 2014 AND 2013

NOTE 1. SPECIAL FUNDING SITUATION-TPAF

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

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

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

	IDEA Basic	IDEA Preschool	NCLB Title IIA	Rural Education Achievement Program	NJ Non-Public Grants	Total
REVENUES						
State Sources					\$ 29,709	\$ 29,709
Federal Sources	\$ 78,241	\$ 4,323	\$ 6,603	\$ 23,778		112,945
TOTAL REVENUES	<u>\$ 78,241</u>	<u>\$ 4,323</u>	<u>\$ 6,603</u>	<u>\$ 23,778</u>	<u>\$ 29,709</u>	<u>\$ 142,654</u>
EXPENDITURES						
Instruction:						
Salaries			\$ 6,603			\$ 6,603
Purchased Professional & Technical Services	\$ 7,480					7,480
General Supplies				\$ 23,778		23,778
Textbooks					\$ 5,660	5,660
Totals	<u>7,480</u>	<u>\$ -</u>	<u>6,603</u>	<u>23,778</u>	<u>5,660</u>	<u>43,521</u>
Support Services:						
Purchased Professional & Technical Services					24,049	24,049
Tuition	70,761	4,323				75,084
Total	<u>70,761</u>	<u>4,323</u>	<u>-</u>	<u>-</u>	<u>24,049</u>	<u>99,133</u>
TOTAL EXPENDITURES	<u>\$ 78,241</u>	<u>\$ 4,323</u>	<u>\$ 6,603</u>	<u>\$ 23,778</u>	<u>\$ 29,709</u>	<u>\$ 142,654</u>

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

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

Revenues and Other Financing Sources:

Local Sources:		
Interest Earnings	\$	3
Total Revenues		3
Excess (Deficiency) of Revenues Over (Under)		
Expenditures		3
Fund Balance-Beginning		3
Fund Balance-Ending	\$	6
<u>Analysis of Fund Balance</u>		
Accumulated Project Income	\$	6
Total Fund Balance	\$	6

PROPRIETARY FUND

DETAIL STATEMENTS

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

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

	Food Service Fund	Preschool Program	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 10,614	\$ 66,453	\$ 77,067
Accounts Receivable:			
Intergovernment-State	39		39
Intergovernment-Federal	531		531
Other	1,671	2,167	3,838
Inventories	3,528		3,528
Total Current Assets	<u>16,383</u>	<u>68,620</u>	<u>85,003</u>
Fixed Assets:			
Capital Assets	21,667		21,667
Accumulated Depreciation	13,394		13,394
Total Fixed Assets	<u>8,273</u>	<u>-</u>	<u>8,273</u>
Total Assets	<u>24,656</u>	<u>68,620</u>	<u>93,276</u>
LIABILITIES			
Current Liabilities:			
Unearned Revenues	4,123		4,123
Total Liabilities	<u>4,123</u>	<u>-</u>	<u>4,123</u>
NET POSITION			
Net Investment in Capital Assets	8,273		8,273
Unrestricted	12,260	68,620	80,880
TOTAL NET POSITION	<u>\$ 20,533</u>	<u>\$ 68,620</u>	<u>\$ 89,153</u>

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

	Food Service Fund	Preschool Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 34,239		\$ 34,239
Daily Sales-Nonreimbursable Programs	15,680		15,680
Fees for Services		\$ 56,813	56,813
Total Operating Revenues	<u>49,919</u>	<u>56,813</u>	<u>106,732</u>
Operating Expenses:			
Costs of Sales-Reimbursable Programs	19,084		19,084
Costs of Sales-Nonreimbursable Programs	8,740		8,740
Salaries	18,647	48,709	67,356
Employee Benefits	2,854		2,854
Purchased Property Services (Repairs)	1,960		1,960
Insurance	2,008		2,008
Management Fees (Net of Profit Guarantee)	2,445		2,445
Other Purchased Services	3,381		3,381
General Supplies	2,608		2,608
Depreciation	1,134		1,134
Total Operating Expenses	<u>62,861</u>	<u>48,709</u>	<u>111,570</u>
Operating Income (Loss)	<u>(12,942)</u>	<u>8,104</u>	<u>(4,838)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	589		589
Federal Sources:			
National School Lunch Program:			
Cash Assistance	8,345		8,345
Non-cash Assistance (Commodities)	4,780		4,780
Interest Earned on Investments	34		34
Total Nonoperating Revenues	<u>13,748</u>	<u>-</u>	<u>13,748</u>
Change in Net Position	806	8,104	8,910
Total Net Position, Beginning	<u>19,727</u>	<u>60,516</u>	<u>80,243</u>
Total Net Position, Ending	<u>\$ 20,533</u>	<u>\$ 68,620</u>	<u>\$ 89,153</u>

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

	Food Service Fund	Preschool Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers (Net)	\$ 50,191	\$ 54,934	\$ 105,125
Payments to Food Service Management Company	(56,548)		(56,548)
Payments to Vendors and Employees (Net)	(3,322)	(48,709)	(52,031)
Net Cash Provided by (Used For) Operating Activities	<u>(9,679)</u>	<u>6,225</u>	<u>(3,454)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	635		635
Federal Sources	8,426		8,426
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>9,061</u>	<u>-</u>	<u>9,061</u>
Cash Flows from Investing Activities:			
Interest Earned on Investments	<u>34</u>	<u>-</u>	<u>34</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(584)	6,225	5,641
Cash and Cash Equivalents, July 1, 2014	<u>11,198</u>	<u>60,228</u>	<u>71,426</u>
Cash and Cash Equivalents, June 30, 2015	<u>\$ 10,614</u>	<u>\$ 66,453</u>	<u>\$ 77,067</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (12,942)	\$ 8,104	\$ (4,838)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	1,134		1,134
Federal Food Donation Program	4,780		4,780
(Increase) Decrease in Accounts Receivable	(1,671)	(1,879)	(3,550)
(Increase) Decrease in Inventory	(944)		(944)
Increase (Decrease) in Unearned Revenues	<u>(36)</u>		<u>(36)</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ (9,679)</u>	<u>\$ 6,225</u>	<u>\$ (3,454)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

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

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

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 34,022	\$ 14,636	\$ 106,748	\$ 155,406
Due from Other Funds	4,644			4,644
TOTAL ASSETS	38,666	14,636	106,748	160,050
LIABILITIES				
Due to Other Funds			4,644	4,644
Due to Student Groups		14,636		14,636
Payroll Deductions & Withholdings			102,104	102,104
TOTAL LIABILITIES	-	14,636	106,748	121,384
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 38,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,666</u>

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

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 4,644
Investment Earnings-Interest	109
Total Additions	<u>4,753</u>
DEDUCTIONS	
Unemployment Claims	<u>21,424</u>
Total Deductions	<u>21,424</u>
Other Financing Sources (Uses):	
Transfer in from the General Fund	<u>23,460</u>
Total Other Financing Sources (Uses)	<u>23,460</u>
Change in Net Position	6,789
Net Position, Beginning of the Year	<u>31,877</u>
Net Position, End of the Year	<u>\$ 38,666</u>

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

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash and Cash Equivalents	\$ 10,299	\$ 50,802	\$ 46,465	\$ 14,636
TOTAL ASSETS	\$ 10,299	\$ 50,802	\$ 46,465	\$ 14,636
LIABILITIES				
Student Activities	\$ 10,299	\$ 50,802	\$ 46,465	\$ 14,636
TOTAL LIABILITIES	\$ 10,299	\$ 50,802	\$ 46,465	\$ 14,636

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

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash and Cash Equivalents	\$ 100,838	\$ 3,309,459	\$ 3,303,549	\$ 106,748
TOTAL ASSETS	\$ 100,838	\$ 3,309,459	\$ 3,303,549	\$ 106,748
LIABILITIES				
Due to Other Funds	\$ 4,467	\$ 4,644	\$ 4,467	\$ 4,644
Payroll Deductions & Withholdings	1,708	1,461,829	1,461,795	1,742
Health Reimbursement Account	1,607	1,029	2,636	
Summer Pay Account	91,392	98,412	91,133	98,671
Net Payroll	1,664	1,743,545	1,743,518	1,691
TOTAL LIABILITIES	\$ 100,838	\$ 3,309,459	\$ 3,303,549	\$ 106,748

LONG-TERM DEBT SCHEDULES

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/14	Issued	Retired	Balance 06/30/15
			Date	Amount					
School Addition & Renovations	02/15/05	\$ 8,244,000				\$ 430,000		\$ 430,000	
2013 Refunding of 2005 Issue	03/17/13	5,380,000	02/15/16	\$ 460,000	3.000%				
			02/15/17	475,000	3.000%				
			02/15/18	490,000	3.000%				
			02/15/19	505,000	3.000%				
			02/15/20	520,000	3.000%				
			02/15/21	535,000	3.000%				
			02/15/22	555,000	4.000%				
			02/15/23	575,000	4.000%				
			02/15/24	600,000	4.000%				
			02/15/25	620,000	4.000%	\$ 5,345,000		10,000	\$ 5,335,000
						<u>\$ 5,775,000</u>	<u>\$ -</u>	<u>\$ 440,000</u>	<u>\$ 5,335,000</u>

FRANKLIN TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2015

Purpose	Interest Rate Payable	Amount of Original Issue	Balance 07/01/14	Issued	Retired	Balance 06/30/15
Acquisition of 300 iPads	1.65%	\$ 167,400	\$ 55,872		\$ 55,872	
Acquisition of a Bus, Textbooks & a Playground Equipment System	2.87%	123,493	97,852		23,428	\$ 74,424
			<u>\$ 153,724</u>	<u>\$ -</u>	<u>\$ 79,300</u>	<u>\$ 74,424</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 639,875		\$ 639,875	\$ 639,875	
Total Revenues	<u>639,875</u>	<u>\$ -</u>	<u>639,875</u>	<u>639,875</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	440,000		440,000	440,000	
Interest on Bonds	199,875		199,875	199,875	
Total Expenditures	<u>639,875</u>	<u>-</u>	<u>639,875</u>	<u>639,875</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,052</u>	<u>10,052</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,052</u>	<u>\$ 10,052</u>

STATISTICAL SECTION

FRANKLIN TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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

Sources: Unless Otherwise noted, the Information in these Schedules is
Derived from the Comprehensive Annual Financial Reports (CAFR) for the
Relevant Year.

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ (5,536,230)	\$ (5,363,491)	\$ (5,235,167)	\$ (4,767,606)	\$ (2,461,671)	\$ 5,214,736	\$ 6,342,655	\$ 6,561,217	\$ 6,667,919	\$ 6,709,605
Restricted	7,356,079	7,475,913	7,933,930	7,638,616	5,611,333	219,945	216,808	105,550	161,623	254,246
Unrestricted	432,228	962,824	830,099	417,806	84,905	212,350	364,836	242,654	(1,334,360)	(959,799)
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	<u>\$ 2,252,077</u>	<u>\$ 3,075,246</u>	<u>\$ 3,528,862</u>	<u>\$ 3,288,816</u>	<u>\$ 3,234,567</u>	<u>\$ 5,647,031</u>	<u>\$ 6,924,299</u>	<u>\$ 6,909,421</u>	<u>\$ 5,495,182</u>	<u>\$ 6,004,052</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 3,983	\$ 3,311	\$ 3,133	\$ 8,145	\$ 6,933	\$ 5,721	\$ 4,687	\$ 10,541	\$ 9,407	\$ 8,273
Unrestricted	9,654	15,809	22,325	25,379	26,620	30,599	47,786	43,579	70,836	80,880
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 13,637</u>	<u>\$ 19,120</u>	<u>\$ 25,458</u>	<u>\$ 33,524</u>	<u>\$ 33,553</u>	<u>\$ 36,320</u>	<u>\$ 52,473</u>	<u>\$ 54,120</u>	<u>\$ 80,243</u>	<u>\$ 89,153</u>
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ (5,532,247)	\$ (5,360,180)	\$ (5,232,034)	\$ (4,759,461)	\$ (2,454,738)	\$ 5,220,457	\$ 6,347,342	\$ 6,571,758	\$ 6,677,326	\$ 6,717,878
Restricted	7,356,079	7,475,913	7,933,930	7,638,616	5,611,333	219,945	216,808	105,550	161,623	254,246
Unrestricted	441,882	978,633	852,424	443,185	111,525	242,949	412,622	286,233	(1,263,524)	(878,919)
TOTAL DISTRICT-WIDE	<u>\$ 2,265,714</u>	<u>\$ 3,094,366</u>	<u>\$ 3,554,320</u>	<u>\$ 3,322,340</u>	<u>\$ 3,268,120</u>	<u>\$ 5,683,351</u>	<u>\$ 6,976,772</u>	<u>\$ 6,963,541</u>	<u>\$ 5,575,425</u>	<u>\$ 6,093,205</u>

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

	Fiscal Year Ending June 30.									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 2,382,347	\$ 2,432,727	\$ 2,534,733	\$ 2,487,718	\$ 2,658,911	\$ 2,090,352	\$ 2,218,651	\$ 2,849,071	\$ 2,861,410	\$ 3,089,186
Special Education	648,913	773,387	795,417	849,882	741,575	870,187	824,142	842,105	881,283	898,844
Other Special Education	95,570	152,434	117,086	125,247	128,879	73,642	70,895	76,299	61,467	75,775
Other Instruction	22,336	18,287	24,055	32,507	25,710			2,487	12,874	25,385
Support Services:										
Tuition	284,311	270,255	313,554	358,864	409,983	299,914	277,380	306,290	326,465	297,520
Student & Instruction Related Services	574,500	601,534	606,321	614,849	717,299	668,054	622,515	685,155	717,766	757,493
General & Business Administrative Services	471,085	522,163	529,587	546,587	564,166	506,821	513,941	643,084	595,459	627,610
School Administration	117,101	125,925	108,648	111,183	42,560	95,215	76,015	76,598	82,020	109,434
Plant Operations & Maintenance	437,476	467,274	508,126	540,287	510,327	458,022	547,556	570,862	474,002	472,717
Pupil Transportation	354,282	398,657	407,501	431,765	440,502	347,574	370,143	312,120	312,307	300,046
Interest & Other Charges on Long-Term Debt	321,087	319,775	315,619	309,055	298,761	288,743	273,307	248,144	275,787	225,236
Total Governmental Activities Expenses	<u>5,709,008</u>	<u>6,082,418</u>	<u>6,260,647</u>	<u>6,407,944</u>	<u>6,538,673</u>	<u>5,698,524</u>	<u>5,794,545</u>	<u>6,612,215</u>	<u>6,600,840</u>	<u>6,879,246</u>
Business-Type Activities:										
Food Services	77,197	67,003	75,548	69,684	76,340	55,693	95,733	67,922	66,830	62,861
Pre K & K Wrap Program						12,121	16,013	21,941	20,275	48,709
Summer Program	9,997									
Total Business-Type Activities	<u>87,194</u>	<u>67,003</u>	<u>75,548</u>	<u>69,684</u>	<u>76,340</u>	<u>67,814</u>	<u>111,746</u>	<u>89,863</u>	<u>87,105</u>	<u>111,570</u>
TOTAL DISTRICT EXPENSES	<u>\$ 5,796,202</u>	<u>\$ 6,149,421</u>	<u>\$ 6,336,195</u>	<u>\$ 6,477,628</u>	<u>\$ 6,615,013</u>	<u>\$ 5,766,338</u>	<u>\$ 5,906,291</u>	<u>\$ 6,702,078</u>	<u>\$ 6,687,945</u>	<u>\$ 6,990,816</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Instruction									\$ 1,147	\$ 11,511
Plant Operations & Maintenance									7,702	250
Pupil Transportation									195	
Operating Grants & Contributions	\$ 182,704	\$ 162,068	\$ 213,519	\$ 196,826	\$ 234,497	\$ 86,341	\$ 198,325	\$ 156,464	147,083	142,654
Total Governmental Activities Program Revenues	<u>182,704</u>	<u>162,068</u>	<u>213,519</u>	<u>196,826</u>	<u>234,497</u>	<u>86,341</u>	<u>198,325</u>	<u>156,464</u>	<u>156,127</u>	<u>154,415</u>
Business-Type Activities:										
Charges for Services:										
Food Service	71,715	68,445	76,537	67,745	63,730	42,869	63,578	56,307	54,649	49,919
Pre K & K Wrap Program						17,945	46,481	22,465	43,975	56,813
Summer Program	9,438									
Operating Grants & Contributions	3,565	3,699	4,603	9,986	12,639	9,767	18,278	12,709	14,581	13,714
Total Business-Type Activities Program Revenues	<u>84,718</u>	<u>72,144</u>	<u>81,140</u>	<u>77,731</u>	<u>76,369</u>	<u>70,581</u>	<u>128,337</u>	<u>91,481</u>	<u>113,205</u>	<u>120,446</u>
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 267,422</u>	<u>\$ 234,212</u>	<u>\$ 294,659</u>	<u>\$ 274,557</u>	<u>\$ 310,866</u>	<u>\$ 156,922</u>	<u>\$ 326,662</u>	<u>\$ 247,945</u>	<u>\$ 269,332</u>	<u>\$ 274,861</u>
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (5,526,304)	\$ (5,920,350)	\$ (6,047,128)	\$ (6,211,118)	\$ (6,304,176)	\$ (5,612,183)	\$ (5,596,220)	\$ (6,455,751)	\$ (6,444,713)	\$ (6,724,831)
Business-Type Activities	(2,476)	5,141	5,592	8,047	29	2,767	16,591	1,618	26,100	8,876
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (5,528,780)</u>	<u>\$ (5,915,209)</u>	<u>\$ (6,041,536)</u>	<u>\$ (6,203,071)</u>	<u>\$ (6,304,147)</u>	<u>\$ (5,609,416)</u>	<u>\$ (5,579,629)</u>	<u>\$ (6,454,133)</u>	<u>\$ (6,418,613)</u>	<u>\$ (6,715,955)</u>
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 4,431,214	\$ 4,781,071	\$ 4,744,466	\$ 4,934,245	\$ 4,934,245	\$ 4,807,114	\$ 4,903,256	\$ 5,027,551	\$ 5,128,102	\$ 5,230,664
Taxes Levied for Debt Service	317,429	417,429	463,929	186,466	529,929	657,060	658,185	658,747	640,774	639,875
Unrestricted Grants & Contributions	684,010	820,791	862,235	719,247	733,353	568,415	714,120	753,265	737,015	1,349,588
State Capital Grant not Restricted		283,609				1,985,254	553,049			
Tuition Income							6,073			
Investment Earnings	251,755	425,398	381,194	117,180	23,957	3,337	8,743	5,416	4,607	4,886
Miscellaneous Income	15,897	15,221	48,920	13,934	28,443	3,467	26,423	5,666	64,755	8,688
Special Item-Insurance Claim Proceeds for Storm Damage								18,228		
Operating Transfers							3,639	(28,000)	(96,306)	
Gain (Loss) on Sale of Assets	2,004									
Total Governmental Activities	<u>5,702,309</u>	<u>6,743,519</u>	<u>6,500,744</u>	<u>5,971,072</u>	<u>6,249,927</u>	<u>8,024,647</u>	<u>6,873,488</u>	<u>6,440,873</u>	<u>6,478,947</u>	<u>7,233,701</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings	\$ 228	\$ 342	\$ 341	\$ 19			\$ 144	\$ 29	\$ 23	\$ 34
Miscellaneous Income			405				3,057			
Operating Transfers							(3,639)			
Total Business-Type Activities	<u>228</u>	<u>342</u>	<u>746</u>	<u>19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(438)</u>	<u>29</u>	<u>23</u>	<u>34</u>
TOTAL DISTRICT-WIDE	<u>\$ 5,702,537</u>	<u>\$ 6,743,861</u>	<u>\$ 6,501,490</u>	<u>\$ 5,971,091</u>	<u>\$ 6,249,927</u>	<u>\$ 8,024,647</u>	<u>\$ 6,873,050</u>	<u>\$ 6,440,902</u>	<u>\$ 6,478,970</u>	<u>\$ 7,233,735</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 176,005	\$ 823,169	\$ 453,616	\$ (240,046)	\$ (54,249)	\$ 2,412,464	\$ 1,277,268	\$ (14,878)	\$ 34,234	\$ 508,870
Business-Type Activities	(2,248)	5,483	6,338	8,066	29	2,767	16,153	1,647	26,123	8,910
TOTAL DISTRICT	<u>\$ 173,757</u>	<u>\$ 828,652</u>	<u>\$ 459,954</u>	<u>\$ (231,980)</u>	<u>\$ (54,220)</u>	<u>\$ 2,415,231</u>	<u>\$ 1,293,421</u>	<u>\$ (13,231)</u>	<u>\$ 60,357</u>	<u>\$ 517,780</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted	\$ 37,381	\$ 96,613	\$ 191,554	\$ 124,959			\$ 62,167	\$ 120,218	\$ 72,134	\$ 45,073
Committed	1	1	1	1	\$ 1	\$ 1	210,001	101,352	151,568	244,188
Assigned	88,180	38,392	116,817	166,987	186,246	8,547	127,651	145,809	106,423	336,804
Unassigned	98,906	246,764	246,563	113,858	(9,571)	337,762	332,415	299,663	235,073	235,310
Total General Fund	\$ 224,468	\$ 381,770	\$ 554,935	\$ 405,805	\$ 176,676	\$ 346,310	\$ 732,234	\$ 667,042	\$ 565,198	\$ 861,375
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ 7,356,078	\$ 7,475,912	\$ 7,933,929	\$ 7,638,614	\$ 5,611,332	\$ 216,612	\$ 3,475		\$ 3	\$ 6
Assigned, Reported In:										
Capital Projects Fund	304,663	708,904	403,761	147,249	47,028	3,332	950	\$ 866		
Debt Service Fund							3,332	3,332	10,052	10,052
Total All Other Governmental Funds	\$ 7,660,741	\$ 8,184,816	\$ 8,337,690	\$ 7,785,863	\$ 5,658,360	\$ 219,944	\$ 7,757	\$ 4,198	\$ 10,055	\$ 10,058

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 4,748,643	\$ 5,198,500	\$ 5,208,395	\$ 5,120,711	\$ 5,464,174	\$ 5,464,174	\$ 5,561,441	\$ 5,686,298	\$ 5,768,876	\$ 5,870,539
Tuition Changes							6,073			11,511
Interest Earnings	251,755	425,398	381,194	117,180	23,957	3,337	8,743	5,416	4,607	4,886
Miscellaneous	18,397	15,221	49,794	14,852	28,992	3,511	26,468	5,724	27,963	8,938
State Sources	734,297	1,150,151	912,351	763,595	763,959	2,582,609	1,271,308	768,898	764,613	830,410
Federal Sources	132,417	116,317	162,529	151,560	203,342	57,357	194,141	140,773	118,759	112,945
Total Revenues	5,885,509	6,905,587	6,714,263	6,167,898	6,484,424	8,110,988	7,068,174	6,607,109	6,684,818	6,839,229
Expenditures:										
Instruction:										
Regular Instruction	1,730,935	1,773,541	1,780,282	1,818,037	2,004,162	1,529,447	1,508,190	1,785,923	2,019,154	1,900,067
Special Education Instruction	427,934	492,817	553,014	588,051	456,114	557,104	585,297	579,101	654,723	549,939
Other Special Instruction	81,303	124,794	73,011	86,438	90,257	46,409	46,643	46,930	49,567	49,313
Other Instruction	21,240	17,810	23,429	24,865	25,203			2,250	10,504	23,360
Support Services:										
Tuition	279,539	265,444	277,160	322,232	367,956	265,820	189,108	241,337	242,446	222,436
Student & Instruction Related Services	371,563	392,417	371,007	397,629	484,640	497,188	430,488	468,239	511,373	483,340
General Administration	241,805	277,822	300,633	329,970	303,698	244,670	267,257	279,314	262,144	245,585
School Administration Services	82,861	91,970	80,525	83,210	23,080	55,574	61,567	56,675	56,249	68,111
Central Services	136,621	131,212	130,412	140,987	141,035	136,457	117,415	220,052	155,364	158,052
Admin Information Technology	6,470		3,080	17,125	7,103	6,967				
Plant Operations & Maintenance	436,051	467,274	506,703	538,862	508,902	456,597	546,029	567,218	463,225	469,402
Pupil Transportation	354,282	398,657	407,501	431,765	440,502	347,574	370,143	312,120	308,916	293,789
Employee Benefits	614,592	587,831	643,091	681,059	703,065	775,132	695,983	723,532	726,017	740,667
On-Behalf TPAF Pension & Soc Sec Contributions	310,701	456,452	487,799	357,805	368,631	334,228	420,217	454,245	390,098	444,433
Capital Outlay	6,000	2,897					35,165	333,053	130,887	52,430
Capital Projects	565,580	163,775	73,129	295,315	2,027,282	7,379,974	766,186	3,672		
Special Revenue Funds	182,704	162,068	213,519	196,826	234,497	86,341	198,325	156,464	147,083	142,654
Debt Service:										
Principal		100,000	150,000	250,000	355,000	370,000	385,000	400,000	450,000	440,000
Interest & Other Charges	317,429	317,429	313,929	308,679	299,929	290,288	275,063	282,183	230,242	236,011
Total Expenditures	6,167,610	6,224,210	6,388,224	6,868,855	8,841,056	13,379,770	6,898,076	6,912,308	6,807,992	6,519,589
Excess (Deficiency) of Revenues Over (Under) Expenditures	(282,101)	681,377	326,039	(700,957)	(2,356,632)	(5,268,782)	170,098	(305,199)	(123,174)	319,640
Other Financing Sources (Uses):										
Capital Leases (Non-Budgeted)								167,400	123,493	
Proceeds from Bond Issue								5,380,000		
Payment to Refunding Bond Escrow Agent								(5,788,917)		
Premium on Bond Issue								487,737		
Special Item-Insurance Claim Proceeds for Storm Damage								18,228		
Transfers In (Out)							3,639	(28,000)	(96,306)	(23,460)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	3,639	236,448	27,187	(23,460)
Net Change in Fund Balances	\$ (282,101)	\$ 681,377	\$ 326,039	\$ (700,957)	\$ (2,356,632)	\$ (5,268,782)	\$ 173,737	\$ (68,751)	\$ (95,987)	\$ 296,180
Debt Service as a Percentage of Non- capital Expenditures	6.01%	7.40%	7.93%	9.29%	10.63%	12.37%	12.14%	11.58%	11.34%	11.67%

Source: District Records

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

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

Description	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income	\$ 20,267	\$ 21,157	\$ 15,191	\$ 1,479	\$ 338	\$ 5	\$ 7,793	\$ 5,416	\$ 4,604	\$ 4,883
Tuition							6,073			11,511
Building Use Fees/Land Rent	400	430	400	800		1,200	800			250
Benefit Reimbursements					11,589					
Prior Year Refunds		11,815	31,268	264	1,981	1,160	878			
Photo Commissions	1,762	2,287	3,234	1,402	643					
Vending Machine Commissions			60							
Outstanding Checks Voided	381	150			12,583					
Book Fines		5	98	175		180	18			
Accounts Payable Canceled	13,133		13,077	3,597			530	5,313		4,210
Donations		205	354	192		900	300			
Miscellaneous Other	221	169	280	3,015	487	13	19	353	18,051	
Miscellaneous Refunds							160			
Copy Fees		160	149	90		14	8			
Property Damage Recovery				4,399						
Sale of Scrap Metal							321			
Fund 20 Adjustment							23,389			
Close Out Old Accounts										2,635
Sale of Surplus Equipment	2,500									1,843
Annual Totals	\$ 38,664	\$ 36,378	\$ 64,111	\$ 15,413	\$ 27,621	\$ 3,472	\$ 40,289	\$ 11,082	\$ 22,655	\$ 25,332

Source: District Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant Land	\$ 6,760,100	\$ 6,839,800	\$ 6,368,400	\$ 5,601,000	\$ 6,663,200	\$ 5,265,200	\$ 5,138,600	\$ 4,176,400	\$ 3,902,400	\$ 3,667,800
Residential	367,051,600	376,527,500	377,968,800	379,994,200	393,200,000	389,984,000	383,115,900	383,146,300	385,013,700	386,011,200
Farm Regular	112,912,500	115,173,900	118,769,600	122,033,500	111,936,100	113,262,700	105,795,900	107,188,300	104,069,500	104,457,900
Qualified Farm	4,188,743	4,178,822	4,278,739	4,256,600	3,983,138	4,106,718	4,108,204	4,096,225	4,400,974	4,134,477
Commercial	39,060,500	38,788,000	38,588,100	38,588,100	38,203,700	38,189,100	38,119,400	37,179,300	37,219,300	36,719,300
Industrial	3,712,400	3,712,400	2,308,800	2,308,800	2,308,800	2,340,800	2,328,900	2,328,900	2,328,900	2,328,900
Apartment	1,246,700	1,113,400	1,113,400	1,086,500	1,086,500	1,086,500	1,000,800	1,000,800	1,029,000	1,037,400
Total Assessed Value	534,932,543	546,333,822	549,395,839	553,868,700	557,381,438	554,235,018	539,607,704	539,116,225	537,963,774	538,356,977
Public Utilities (a)	1,044,552	977,880	2,270,558	2,142,266	2,359,287	2,488,136	2,520,284	2,523,005	1,403,600	1,403,600
Net Valuation Taxable	\$ 535,977,095	\$ 547,311,702	\$ 551,666,397	\$ 556,010,966	\$ 559,740,725	\$ 556,723,154	\$ 542,127,988	\$ 541,639,230	\$ 539,367,374	\$ 539,760,577
Estimated Actual County Equalized Value	\$ 623,505,922	\$ 681,514,191	\$ 660,805,182	\$ 608,066,057	\$ 604,342,764	\$ 579,859,550	\$ 578,269,854	\$ 555,641,393	\$ 579,840,222	\$ 553,451,361
Percentage of Net Valuations to Estimated Actual County Equalized Value	85.96%	80.31%	83.48%	91.44%	92.62%	96.01%	93.75%	97.48%	93.02%	97.53%
Total Direct School Tax Rate (b)	\$ 0.93	\$ 0.95	\$ 0.94	\$ 0.93	\$ 0.98	\$ 0.98	\$ 1.04	\$ 1.04	\$ 1.08	\$ 1.10

Source: Municipal Tax Assessor

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

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

(b) Tax rates are per \$100

* Revalued/Reassessed

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

Assessment Year	School District Direct Rate (From J-6)				Regional School Debt	Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Municipality		County	Fire District		
2006	\$ 0.87	\$ 0.06	\$ 0.93	\$ 0.57	\$ 0.31	\$ 0.41	\$ 0.05	\$ 2.27	
2007	0.87	0.08	0.95	0.60	0.31	0.42	0.05	2.33	
2008	0.88	0.06	0.94	0.62	0.31	0.40	0.05	2.32	
2009	0.89	0.04	0.93	0.59	0.31	0.38	0.05	2.26	
2010	0.87	0.11	0.98	0.57	0.31	0.37	0.05	2.28	
2011	0.86	0.12	0.98	0.60	0.31	0.36	0.05	2.30	
2012	0.92	0.12	1.04	0.64	0.31	0.38	0.05	2.42	
2013	0.94	0.10	1.04	0.63	0.31	0.38	0.06	2.42	
2014	0.96	0.12	1.08	0.67	0.32	0.40	0.06	2.53	
2015	0.97	0.13	1.10	0.61	0.33	0.38	0.06	2.48	

Sources: Municipal Tax Collector

NOTE:

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

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

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

* Revalued/Reassessed

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

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
National Project Resources	\$ 20,000,000	1	3.71%	\$ 20,000,000	1	3.73%
IHM Clinton LLC	6,500,000	2	1.20%	7,000,000	2	1.31%
AT & T Communications	2,531,200	3	0.47%	3,125,000	3	0.58%
Individual Property Owner	2,469,800	4	0.46%	1,960,227	4	0.37%
Individual Property Owner	2,218,890	5	0.41%	1,821,621	5	0.34%
Individual Property Owner	1,874,927	6	0.35%	1,786,086	6	0.33%
Individual Property Owner	1,652,534	7	0.31%	1,773,300	7	0.33%
Individual Property Owner	1,532,230	8	0.28%	1,586,300	8	0.30%
Individual Property Owner	1,374,635	9	0.25%			
Individual Property Owner	1,358,500	10	0.25%	1,386,400	10	0.26%
Hunterdon Transformer				1,399,787	9	0.26%
	<u>\$ 41,512,716</u>		<u>7.69%</u>	<u>\$ 41,838,721</u>		<u>7.81%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2005	\$ 11,253,819	\$ 11,142,134	99.01%
2006	12,327,111	12,184,562	98.84%
2007	12,872,150	12,700,519	98.67%
2008	12,922,328	12,747,681	98.65%
2009	12,669,229	12,434,926	98.15%
2010	12,756,097	12,556,691	98.44%
2011	12,808,841	12,675,391	98.96%
2012	13,129,128	12,844,413	97.83%
2013	13,352,401	13,103,728	98.13%
2014	13,688,371	13,501,045	98.63%

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

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

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	\$ 8,244,000					\$ 8,244,000	4.37%	\$ 2,647
2007	8,144,000					8,144,000	4.02%	2,612
2008	7,994,000					7,994,000	3.74%	2,555
2009	7,744,000					7,744,000	3.47%	2,385
2010	7,389,000					7,389,000	3.47%	2,278
2011	7,019,000					7,019,000	3.35%	2,198
2012	6,634,000					6,634,000	2.89%	2,018
2013	6,225,000		\$ 110,837			6,335,837	2.61%	1,944
2014	5,775,000			153,724		5,928,724	2.41%	1,821
2015	5,335,000			74,424		5,409,424	N/A	1,672

NOTE

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

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

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
	2006	\$ 8,244,000			
2007	8,144,000		8,144,000	1.49%	2,603
2008	7,994,000		7,994,000	1.45%	2,462
2009	7,744,000		7,744,000	1.39%	2,388
2010	7,389,000		7,389,000	1.32%	2,313
2011	7,019,000		7,019,000	1.26%	2,135
2012	6,634,000		6,634,000	1.22%	2,035
2013	6,225,000		6,225,000	1.15%	1,912
2014	5,775,000		5,775,000	1.07%	1,785
2015	5,335,000		5,335,000	0.99%	1,649

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 824,403	100.00%	\$ 824,403
Regional High School	2,160,000	6.90%	150,377
County General Obligation Debt	70,347,424	2.68%	<u>1,887,538</u>
Subtotal, Overlapping Debt			2,862,318
School District Direct Debt			<u>5,775,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 8,637,318</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis	
2014	\$ 551,644,559
2013	579,570,227
2012	<u>553,557,349</u>
	<u>\$ 1,684,772,135</u>
Average Equalized Valuation of Taxable Property	<u>\$ 561,590,712</u>
Debt Limit (3.0% of Average Equalization Value)	\$ 16,847,721 (a)
Total Net Debt Applicable to Limit	<u>5,335,000</u>
Legal Debt Margin	<u>\$ 11,512,721</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 15,673,991	\$ 17,272,839	\$ 18,639,496	\$ 19,301,004	\$ 18,999,516	\$ 18,146,421	\$ 17,697,304	\$ 17,252,866	\$ 17,243,116	\$ 16,847,721
Total Net Debt Applicable	<u>11,066,025</u>	<u>10,682,415</u>	<u>10,532,415</u>	<u>10,282,415</u>	<u>9,927,415</u>	<u>7,572,162</u>	<u>6,761,747</u>	<u>6,225,000</u>	<u>5,775,000</u>	<u>5,335,000</u>
Legal Debt Margin	<u>\$ 4,607,966</u>	<u>\$ 6,590,424</u>	<u>\$ 8,107,081</u>	<u>\$ 9,018,589</u>	<u>\$ 9,072,101</u>	<u>\$ 10,574,259</u>	<u>\$ 10,935,557</u>	<u>\$ 11,027,866</u>	<u>\$ 11,468,116</u>	<u>\$ 11,512,721</u>
Total Net Debt Applicable to the Limit as a Percent- age of Debt Limit	70.60%	61.85%	56.51%	53.27%	52.25%	41.73%	38.21%	36.08%	33.49%	31.67%

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

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

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2006	3,118	\$ 202,676,236	\$ 64,923	4.0%
2007	3,129	213,682,539	68,291	3.5%
2008	3,247	223,221,509	68,747	4.5%
2009	3,243	213,061,857	65,699	8.2%
2010	3,194	209,817,054	65,691	8.4%
2011	3,287	229,159,779	69,717	8.2%
2012	3,260	242,980,840	74,534	8.5%
2013	3,255	245,827,365	75,523	6.4%
2014	3,236	N/A	N/A	5.0%
2015	N/A	N/A	N/A	N/A

Sources:

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

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	26.5	25.8	22.7	21.1	21.1	19.6	19.2	20.8	22.4	25.0
Special Education	4.0	4.9	6.3	6.2	6.2	5.6	6.8	5.6	5.6	3.0
Other Special Education	8.5	7.7	7.8	12.0	10.0	7.8	8.5	11.7		
Other Instruction-Aides								3.0	1.5	1.1
Support Services:										
Student and Instruction Related Services	7.0	8.8	8.7	8.7	8.7	7.1	3.4	3.4	3.0	3.0
General Administration	2.0	2.0	2.0	2.0	2.0	1.9	1.7	2.0	2.0	2.0
School Administration Services	1.7	1.7	1.7	1.7	1.7	0.7	1.0	1.0	1.0	1.0
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.1	1.1	1.1
Other Support Services								2.0	2.0	2.0
Food Service							0.3	0.3		
Child Care							0.5	0.5	0.5	0.5
Total	<u>51.7</u>	<u>52.9</u>	<u>51.2</u>	<u>53.7</u>	<u>51.7</u>	<u>44.7</u>	<u>42.4</u>	<u>51.4</u>	<u>39.1</u>	<u>38.7</u>

Sources: District Personnel Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	376	\$ 5,278,601	\$ 5,996	7.29%	31.1	1 to 12.09	377.5	355.0	-5.15%	94.04%
2007	354	5,640,109	15,933	165.72%	38.8	1 to 9.12	352.6	337.9	-6.60%	95.83%
2008	347	5,851,166	16,862	5.83%	39.4	1 to 8.81	346.9	332.0	-1.62%	95.70%
2009	343	6,014,861	17,536	4.00%	39.0	1 to 8.80	343.0	329.1	-1.12%	95.95%
2010	341	6,158,845	18,061	2.99%	41.0	1 to 10.80	340.7	326.7	-0.67%	95.89%
2011	309	5,339,508	17,280	-4.33%	27.0	1 to 11.44	304.2	291.0	-10.71%	95.66%
2012	305	5,436,662	17,825	3.15%	27.5	1 to 11.09	296.9	286.1	-2.40%	96.36%
2013	293	5,893,400	20,114	12.84%	26.4	1 to 11.09	283.8	272.7	-4.41%	96.09%
2014	295	5,996,863	20,328	14.04%	28.0	1 to 10.54	294.9	284.0	3.90%	96.32%
2015	306	5,791,148	18,925	-5.91%	28.6	1 to 10.70	294.7	284.2	-0.06%	96.44%

Source: District Records

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

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

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Elementary (1936)</u>										
Square Feet	52,142	52,142	52,142	52,142	52,142	52,142	71,296	71,296	71,296	71,296
Capacity (Students)	346	346	346	346	346	346	446	448	448	448
Enrollment	377	354	347	343	341	309	305	293	295	306
<u>Other-Temporary Trailer</u>										
Square Feet	480									

Number of Schools at June 30, 2015:

Elementary	1
Middle School	0
High School	0
Other	0

District Facilities Office

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Amount</u>	<u>Total</u>
2006	\$ 27,551	\$ 27,551
2007	49,283	49,283
2008	42,264	42,264
2009	90,647	90,647
2010	62,758	62,758
2011	38,025	38,025
2012	68,662	68,662
2013	53,294	53,294
2014	89,143	89,143
2015	88,228	88,228
	<hr/>	<hr/>
Total School Facilities	<u>\$ 609,855</u>	<u>\$ 609,855</u>

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

Source: District Records

FRANKLIN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund Coverage:		
Property Loss or Damage, Any One Loss or Disaster (Group Policy Limit)	\$ 250,000,000	\$ 2,500
General and Auto Liability Coverage	5,000,000	1,000
Workers Compensation: Policy Limit	5,000,000	
Blanket Dishonesty Bond: Per Loss	500,000	1,000
School Board Legal Liability: Per Occurrence	5,000,000	5,000
Public Employees' Faithful Performance- Selective Insurance:		
Treasurer of School Monies	175,000	
School Board Secretary	200,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

October 28, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Franklin Township School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated October 28, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITOR'S REPORT

October 28, 2015

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Franklin Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2015. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 15-08. Those standards, OMB Circular A-133 and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

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

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

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

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 15-08**

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated October 28, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2015		
					6/30/2014 (Acct Rec) Unearned Rev						Accounts Receivable	Unearned Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education. Special Revenue Fund													
NCLB Title II A	84.367A	NCLB-160015	\$ 8,863	7/01/2014-6/30/2015			\$ 8,863	\$ 6,603				\$ 2,260	
IDEA Basic	84.027	IDEA-160015	83,523	7/01/2014-6/30/2015			78,028	78,241			\$ (5,495)	5,282	
IDEA Preschool	84.173	IDEA-160015	4,323	7/01/2014-6/30/2015			4,323	4,323					
Rural Education Achievement Program	84.358A	S358A-142489	23,778	7/01/2014-9/30/2015			23,778	23,778					
Total Special Revenue Fund					\$ -	\$ -	114,992	112,945	\$ -	\$ -	(5,495)	7,542	\$ -
US Department of Agriculture Passed Through State Department of Education. Enterprise Fund													
Child Nutrition Cluster:													
National School Lunch Program- Non-cash Assistance (Commodities)	10.555	N/A	5,775	7/01/2014-6/30/2015			5,775	3,525				2,250	
National School Lunch Program- Non-cash Assistance (Commodities)	10.555	N/A	5,444	7/01/2013-6/30/2014	1,255			1,255					
National School Lunch Program- Cash Assistance	10.555	N/A	8,345	7/01/2014-6/30/2015			7,814	8,345			(531)		
National School Lunch Program- Cash Assistance	10.555	N/A	7,955	7/01/2013-6/30/2014	(612)		612						
Total Enterprise Fund					643	-	14,201	13,125	-	-	(531)	2,250	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 643	\$ -	\$ 129,193	\$ 126,070	\$ -	\$ -	\$ (6,026)	\$ 9,792	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2014	Cash Received	Budgetary Expenditure	Repay of Prior Year Balance	Balance June 30, 2015			Memo	
								Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<u>State Department of Education</u>												
General Fund:												
Special Education Aid	15-495-034	\$ 187,645	7/01/2014-									
	-5120-089		6/30/2015		\$ 171,911	\$ 187,645						
Special Education Aid	14-495-034	187,645	7/01/2013-					\$ (15,734)			\$ (15,734)	\$ 187,645
	-5120-089		6/30/2014	\$ (16,155)	16,155							
Security Aid	15-495-034	16,708	7/01/2014-									
	-5120-084		6/30/2015		15,307	16,708		(1,401)			(1,401)	16,708
Security Aid	14-495-034	16,708	7/01/2013-									
	-5120-084		6/30/2014	(1,438)	1,438							
Transportation Aid	15-495-034	29,391	7/01/2014-									
	-5120-014		6/30/2015		26,927	29,391		(2,464)			(2,464)	29,391
Transportation Aid	14-495-034	29,391	7/01/2013-									
	-5120-014		6/30/2014	(2,530)	2,530							
School Choice Aid	15-495-034	64,490	7/01/2014-									
	-5120-068		6/30/2015		59,083	64,490		(5,407)			(5,407)	64,490
School Choice Aid	14-495-034	25,796	7/01/2013-									
	-5120-068		6/30/2014	(2,221)	2,221							
Extraordinary Special Education Cost Aid	15-100-034	50,892	7/01/2014-									
	-5120-473		6/30/2015			50,892		(50,892)			(50,892)	50,892
Extraordinary Special Education Cost Aid	14-100-034	82,306	7/01/2013-									
	-5120-473		6/30/2014	(81,456)	82,306	850						850
Per Pupil Growth Aid	15-495-034	2,690	7/01/2014-									
	-5120-097		6/30/2015		2,464	2,690		(226)			(226)	2,690
PARCC Readiness Aid	15-495-034	2,690	7/01/2014-									
	-5120-098		6/30/2015		2,464	2,690		(226)			(226)	2,690
Nonpublic Remote Transportation Aid	15-495-034	4,026	7/01/2014-									
	-5120-014		6/30/2015			4,026		(4,026)			(4,026)	4,026
Nonpublic Remote Transportation Aid	14-495-034	7,417	7/01/2013-									
	-5120-014		6/30/2014	(7,417)	7,417							
On-Behalf TPAF Pension Contribution-Teachers' Pension and Annuity Fund	15-495-034	101,259	7/01/2014-									
	-5094-006		6/30/2015		101,259	101,259						101,259
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	15-495-034	7,285	7/01/2014-									
	-5094-007		6/30/2015		7,285	7,285						7,285
On-Behalf TPAF Pension Contribution-Post Retirement Medical	15-495-034	172,313	7/01/2014-									
	-5094-001		6/30/2015		172,313	172,313						172,313
Reimbursed TPAF Social Security Contribution	15-495-034	163,576	7/01/2014-									
	-5094-003		6/30/2015		163,576	163,576						163,576
Total General Fund				(111,217)	834,656	803,815	\$ -	(80,376)	\$ -	\$ -	(80,376)	803,815

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2014	Cash Received	Budgetary Expenditure	Repay of Prior Year Balance	Balance June 30, 2015			Memo	
								Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<u>State Department of Education</u>												
Special Revenue Fund:												
NJ Nonpublic Aid:												
Examination & Classification	15-100-034	\$ 8,104	7/01/2014-									
	-5120-066		6/30/2015		\$ 8,104	\$ 4,427				\$ 3,677		\$ 4,427
English as a Secondary Language	15-100-034	914	7/01/2014-									
	-5120-067		6/30/2015		914	504				410		504
Corrective Speech	15-100-034	10,602	7/01/2014-									
	-5120-066		6/30/2015		10,602	5,783				4,819		5,783
Supplementary Instruction	15-100-034	2,354	7/01/2014-									
	-5120-066		6/30/2015		2,354	1,284				1,070		1,284
Supplementary Instruction	14-100-034	3,469	7/01/2013-									
	-5120-066		6/30/2014	\$ 832			\$ 832					
Corrective Speech	14-100-034	6,250	7/01/2013-									
	-5120-066		6/30/2014	781			781					
Non Public Nursing	14-100-034	8,260	7/01/2013-									
	-5120-070		6/30/2014	872			872					
Non Public Nursing	15-100-034	9,011	7/01/2014-									
	-5120-070		6/30/2015		9,011	9,011						9,011
Non Public Technology Initiative	14-100-034	2,120	7/01/2013-									
	-5120-373		6/30/2014	200			200					
Non Public Technology Initiative	15-100-034	3,040	7/01/2014-									
	-5120-373		6/30/2015		3,040	3,040						3,040
Non Public Textbook Aid	14-100-034	5,814	7/01/2013-									
	-5120-064		6/30/2014	4,201			4,201					
Non Public Textbook Aid	15-100-034	5,660	7/01/2014-									
	-5120-064		6/30/2015		5,660	5,660						5,660
Total Special Revenue Fund				6,886	39,685	29,709	6,886	\$ -	\$ -	9,976	\$ -	29,709
<u>State Department of Agriculture</u>												
Enterprise Fund:												
State School Lunch Program	15-100-010	589	7/01/2014-									
	-3350-023		6/30/2015		550	589		(39)				589
State School Lunch Program	14-100-010	721	7/01/2013-									
	-3350-023		6/30/2014	(85)	85							
Total Enterprise Fund				(85)	635	589	-	(39)	-	-	-	589
TOTAL STATE FINANCIAL ASSISTANCE				\$ (104,416)	\$ 874,976	\$ 834,113	\$ 6,886	\$ (80,415)	\$ -	\$ 9,976	\$ (80,376)	\$ 834,113

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

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

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,114) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 800,701	\$ 800,701
Special Revenue Fund	\$ 112,945	29,709	142,654
Food Service Fund	13,125	589	13,714
	<u>\$ 126,070</u>	<u>\$ 830,999</u>	<u>\$ 957,069</u>

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

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

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

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

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

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

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

Federal Awards NOT APPLICABLE

Internal Control Over Major Programs:

1. Material weakness (es) identified? Yes No

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

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

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
NOT APPLICABLE		

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

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

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

Auditee qualified as a low-risk auditee Yes No

State Awards

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

Auditee Qualified as low-risk auditee X Yes No

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

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

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

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
15-495-034-5094-003	\$ 163,576	Reimbursement TPAF Social Security
15-495-034-5120-089	187,645	Special Education Aid

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

SECTION II-FINANCIAL STATEMENT FINDINGS

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

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

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

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

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There were no prior year findings or questioned costs.