

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Somerset, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Franklin Township Public Schools

Somerset, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION

FRANKLIN TOWNSHIP PUBLIC SCHOOLS

1755 Amwell Road
Somerset, New Jersey 08832-2746

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

JAMES H. STRIMPLE, JR., RSBA
INTERIM ASSISTANT SUPERINTENDENT FOR
BUSINESS & BOARD SECRETARY

December 9, 2015

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

Dear Board Members and Constituents of Franklin Township:

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

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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

REPORTING ENTITY AND ITS SERVICES

The Franklin Township Public Schools is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB). All funds of the district are included in this report. The Franklin Township Board of Education and all its schools constitute the district's reporting entity. The District has no component units included in this report which meet the criteria of legally separate entities for which the District is financially accountable. In addition, the District is not includable in any other reporting entity as a component unit. Also, within the boundaries of the School District are two charter schools (Thomas Edison Energy Smart Charter School, Central Jersey College Prep Charter School) which are operated independently of the District and which do not meet the criteria of a component unit.

The Franklin Township Public School District is a Pre-K-12 educational system, comprised of nine (9) schools, approximately eight thousand (8,000) students and approximately one thousand two hundred (1,200) staff. In addition, the budget supports approximately 530 Charter School Students. The district provides transportation services to 802 non-public students and aid-in-lieu to 548 non-public students.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

MAJOR BUILDING PROJECTS/RENOVATIONS 2014-15

The status of major building projects and/or renovations for the 2014-2015 school year is as follows:

- Elizabeth Ave School – Milling and resurfacing of parking lot - \$ 26,345
- Franklin High School – Concrete sidewalk replacement, 3,917 sq. ft. - \$ 42,253
- Franklin Middle School – Milling and paving of front parking lot - \$56,000
- Franklin Middle School – Milling and paving of bus/parent drop-off loop - \$63,345
- Franklin Middle School – Installation of protective padding in 500-hall gym - \$9,900
- Hillcrest School – Installation of wireless clock systems - \$9,262
- Middlebush Admin. Bldg. – Generator - \$18,932
- Middlebush Annex – Installation of two (2) security cameras in parking lot - \$2,085
- Sampson G. Smith School – Replacement of three (3) A/C roof-top compressors - \$44,079

MAJOR ACCOMPLISHMENTS

On September 18, 2014 the Board of Education adopted a proposal to present to the voters a question to authorize bonds for the construction of a new elementary school and to make improvements to the district's other schools. The total amount of the proposal presented to the voters was \$84,897,326 of which the State of New Jersey has promised to provide in the form of Grants \$3,417,069. Additionally, the State of New Jersey informed the district that it was eligible to receive \$38,131,493 in Debt Service Aid. This proposal was approved by the affirmative vote of a majority of the legal voters at the school district election held on December 9, 2014.

After the proposal was approved the district issued Bonds that were purchased at a public sale by Wells Fargo Bank, N.A., Charlotte, North Carolina in the amount of \$81,480,000.

Special congratulations to the nine teachers selected as recipients of the Franklin Township Teacher of the Year Recognition Award. The recipients for 2014-2015 are:

- 2014-2015 Teacher of the Year

Kevin Davis	Conerly Road School
Anita Goldman	Elizabeth Avenue School
Tania Anderson	Franklin Park School
Catherine Manning	Hillcrest School
Lauren Pahde	Pine Grove Manor School
Carol Kelly	MacAfee Road School
Corrine Rega	Sampson G. Smith School
Aaron Ramos	Franklin Middle School
Ron Richter	Franklin High School

In 2014-15 a decision was made to expand the Pre-k program. Longitudinal research has shown that students who have had Pre-k education gain 3/4 of a grade level by 5th grade over their peers who have not had Pre-k. The expansion in 2015-16 will be accomplished by making all pre K classes full day, cutting midday bus runs and consolidating some kindergarten classes to find space and save money. The district's goal is to increase Pre-k enrollment another 30% to approximately 420 students to service all of Franklin Townships Pre-k students. We are looking at further consolidation of space and possible rental of facilities to meet this goal for next year.

ANNUAL STANDARDIZED TESTING REPORT

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

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

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

During the spring of 2015, Franklin Township administered the Partnership for Assessment of Readiness for College and Careers (PARCC) to grades 3-11. Students participated in the two part online assessments. The district was well prepared for the assessment and was well supported through the technology department. Franklin Township Public Schools issues an annual test report based on academic assessments of all students in testing years (grades 3-8, 11).

RELEVANT FINANCIAL POLICIES

The operations of the Franklin Township Public Schools are financed through a combination of local property taxes, state and federal aid and other local miscellaneous revenue. Property taxes, the largest local revenue source (80%) for the District, have steadily increased over the past five years, as a result of the District's increasing student enrollment.

The second largest revenue source (approximately 17% of revenue) for the district is State aid grants. **Over seven and a half million of the aid pertains to on-behalf payments made by the State for pension and social security, of those district employees enrolled in the teachers' pension plan. The other significant sources of aid pertain to funding for special education, and equalization aid. In addition, approximately 2% of the District's revenue is comprised of federal aid/grants.**

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

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

LONG-TERM FINANCIAL PLANNING

Each year, as part of the annual budget development process, the administration sets forth the District's statement of priorities. This statement is used to document a District's initiatives, goals and priorities and how they relate to the budget process. The goals presented often balance fiscal and program issues. The mission of the Franklin Township Public School District is *to provide excellent educational opportunities that meet or exceed New Jersey Core Curriculum Content Standards for every student; maintain an environment that engenders an appreciation of the value of every student, develop every student to his/her highest potential; and instill the attitudes, skills and knowledge necessary to become independent contributing members of a democratic, multicultural society.*

The budget process is a collaborative effort between District administrators, building principals and staff members with input from parents and community members, as well. With the economic crisis in New Jersey, everything changed drastically for all school districts in our state. Budgeting is the process of allocating finite resources to the prioritized needs of our district.

The following initiatives were outlined in the District's Statement of Priorities for the budget planning process:

- Maintaining Our School System
- Raising Standards and Expanding Opportunities
- Building Professionalism
- Protecting Our Investment
- Technology
- Planning for the Future

Through the diligent efforts of our staff, the district continues to provide academic improvement programs such as pre-Kindergarten, full-day Kindergarten and tutorials which were established in previous budgets. Curriculum development, data analysis and staff development continues to be ongoing and essential to the educational process for our students.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 15-08. The auditor's report on the financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Franklin Township School District for its comprehensive annual financial report (CAFR) for the fiscal year ended **June 30, 2014.**

This is the eighteenth consecutive year that the District received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.


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

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

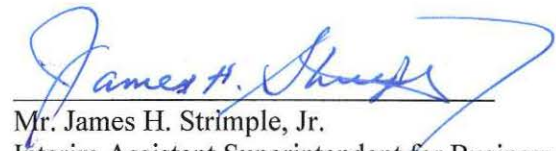
ACKNOWLEDGEMENTS

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

Respectfully submitted,

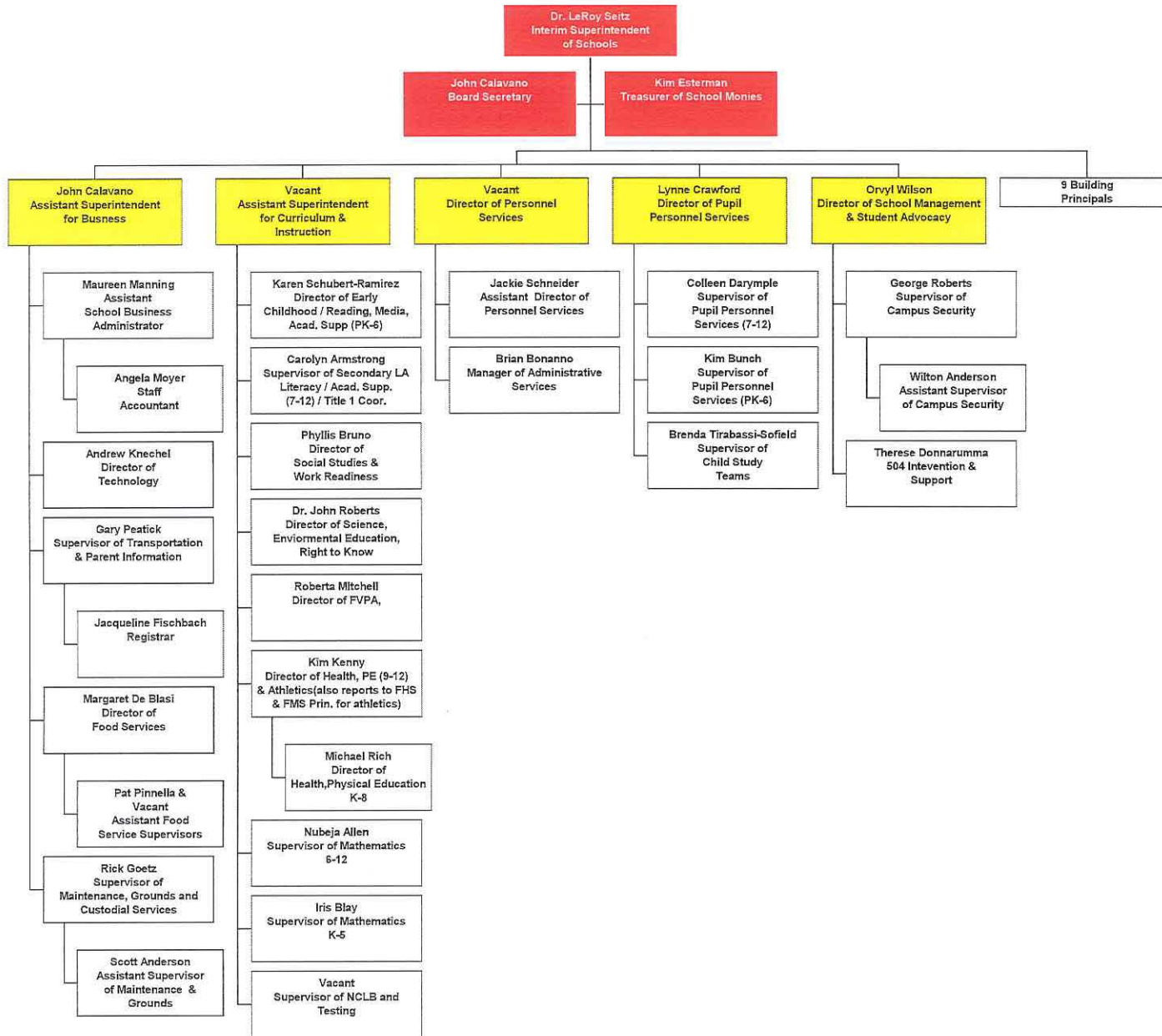


Dr. John Ravally
Superintendent of Schools



Mr. James H. Strimple, Jr.
Interim Assistant Superintendent for Business &
Board Secretary

Franklin Township Board of Education Organizational Chart



FRANKLIN TOWNSHIP SCHOOL DISTRICT
Somerset, New Jersey

ROSTER OF OFFICIALS
June 30, 2015

Members of the Board of Education	Term Expires
Edward Potosnak, President	2017
Nancy LaCorte, Vice President	2016
Christine Danielsen	2016
Julia Presley	2016
Richard Seamon	2015
Patricia Stanley	2017
Margaret Steele	2015
Latee Walton-McCleod	2017
Betty Whalen	2015

Other Officials

Dr. LeRoy Seitz, Interim Superintendent of Schools

John Calavano, Asst. Supt. for Busines/Board Secretary – 7/1/14 – 9/30/14

Arlene Biesiada., Interim Asst. Supt. for Business/Board Secretary – 10/1/14 – 6/30/15

Kim Esterman, Treasurer

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Architect

Design Resources Group, AIA, Inc.
371 Hoes Lane
Piscataway, NJ 08854

Audit Firm

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

Attorney

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

Official Depositories

Bank of America
630 Franklin Boulevard
Somerset, NJ 08873

TD Bank
3221 Route 27
Franklin Park, NJ 08823



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Franklin Township Public Schools
New Jersey

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Franklin Township Public Schools
Somerset, 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 Franklin Township Public Schools as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education'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, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Franklin Township Public Schools adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township Public Schools' basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Franklin Township Public Schools.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2015 on our consideration of the Franklin Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Franklin Township Public Schools' internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

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

Don

Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
December 9, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

This section of the Franklin Township Public Schools' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The assets and deferred outflows of resources of the Franklin Township Public Schools exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,418,556 (net position).
- Overall revenues were \$179,251,273. General revenues accounted for \$136,093,955 or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$43,157,318 or 24% of total revenues.
- The school district had \$169,816,328 in expenses for governmental activities; only \$38,613,172 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$136,092,286 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$99,596,571.
- The General Fund fund balance at June 30, 2015 was \$9,343,791 an increase of \$2,052,221 when compared with the beginning balance at July 1, 2014.

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

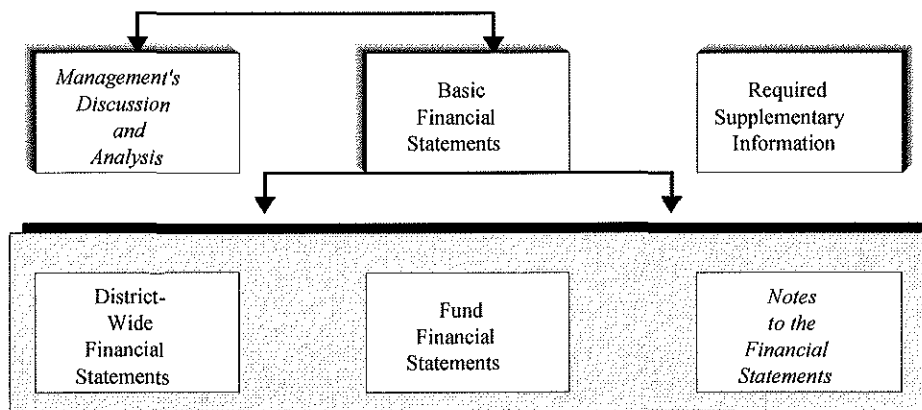
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Financial Statements

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

District-Wide Financial Statements (continued)

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Fund Financial Statements (continued)

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

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

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

Notes to the Financial Statements

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

Other Information

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

The District also presents required supplementary information regarding the accounting and financial reporting for pensions as required under GASB Statement No. 68. The required supplementary information can be found following the notes to the financial statements.

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,418,556 and \$9,124,066 as of June 30, 2015 and June 30, 2014, respectively.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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

**Net Position
As of June 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$ 107,059,785	\$ 10,092,086	\$ 1,782,513	\$ 1,341,517	\$ 108,842,298	\$ 11,433,603
Capital Assets, Net	<u>81,085,603</u>	<u>81,283,568</u>	<u>444,798</u>	<u>406,306</u>	<u>81,530,401</u>	<u>81,689,874</u>
Total Assets	<u>188,145,388</u>	<u>91,375,654</u>	<u>2,227,311</u>	<u>1,747,823</u>	<u>190,372,699</u>	<u>93,123,477</u>
Deferred Amounts on Refunding of Debt	1,619,053	1,830,656	-	-	1,619,053	1,830,656
Deferred Amounts on Net Pension Liability	<u>2,022,293</u>	<u>-</u>	<u>123,807</u>	<u>-</u>	<u>2,146,100</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>3,641,346</u>	<u>1,830,656</u>	<u>123,807</u>	<u>-</u>	<u>3,765,153</u>	<u>1,830,656</u>
Total Assets and Deferred Outflows of Resources	<u>191,786,734</u>	<u>93,206,310</u>	<u>2,351,118</u>	<u>1,747,823</u>	<u>194,137,852</u>	<u>94,954,133</u>
Long-Term Liabilities	165,189,640	80,471,303	2,456,000	2,451,922	167,645,640	82,923,225
Other Liabilities	<u>8,998,081</u>	<u>2,415,872</u>	<u>521,098</u>	<u>488,265</u>	<u>9,519,179</u>	<u>2,904,137</u>
Total Liabilities	<u>174,187,721</u>	<u>82,887,175</u>	<u>2,977,098</u>	<u>2,940,187</u>	<u>177,164,819</u>	<u>85,827,362</u>
Deferred Commodities Revenue			17,364		17,364	
Deferred Amounts on Net Pension Liability	<u>2,390,748</u>	<u>-</u>	<u>146,365</u>	<u>-</u>	<u>2,537,113</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>2,390,748</u>	<u>-</u>	<u>163,729</u>	<u>2,705</u>	<u>2,554,477</u>	<u>2,705</u>
Total Liabilities and Deferred Inflows of Resources	<u>176,578,469</u>	<u>82,887,175</u>	<u>3,140,827</u>	<u>2,942,892</u>	<u>179,719,296</u>	<u>85,830,067</u>
Net Investment in Capital Assets	41,256,919	45,676,154	444,798	406,306	41,701,717	46,082,460
Restricted	14,424,083	4,816,020			14,424,083	4,816,020
Unrestricted	<u>(40,472,737)</u>	<u>(40,173,039)</u>	<u>(1,234,507)</u>	<u>(1,601,375)</u>	<u>(41,707,244)</u>	<u>(41,774,414)</u>
Total Net Position	<u>\$ 15,208,265</u>	<u>\$ 10,319,135</u>	<u>\$ (789,709)</u>	<u>\$ (1,195,069)</u>	<u>\$ 14,418,556</u>	<u>\$ 9,124,066</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 365,354	\$ 238,439	\$ 2,237,353	\$ 2,011,171	\$ 2,602,707	\$ 2,249,610
Operating Grants and Contributions	37,566,708	23,255,831	2,306,793	2,159,203	39,873,501	25,415,034
Capital Grants and Contributions	681,110	33,008			681,110	
General Revenues						
Property Taxes	129,401,431	127,153,050			129,401,431	127,153,050
State Aid	5,652,255	5,667,033			5,652,255	5,667,033
Other	1,038,600	432,037	1,669	1,985	1,040,269	434,022
Total Revenues	<u>174,705,458</u>	<u>156,779,398</u>	<u>4,545,815</u>	<u>4,172,359</u>	<u>179,251,273</u>	<u>160,918,749</u>
Expenses						
Instruction						
Regular	65,459,896	56,162,752			65,459,896	56,162,752
Special Education	30,420,992	26,765,570			30,420,992	26,765,570
Vocational Education-Tuition	155,650	200,630			155,650	200,630
School Sponsored Activities and Athletics	2,231,855	1,792,310			2,231,855	1,792,310
Other Instruction	6,549,875	5,728,808			6,549,875	5,728,808
Support Services						
Student and Instruction Related Services	18,343,728	18,398,799			18,343,728	18,398,799
School Administrative Services	8,091,290	7,080,686			8,091,290	7,080,686
General Administrative Services	2,268,730	2,547,296			2,268,730	2,547,296
Plant Operations and Maintenance	16,484,904	14,556,907			16,484,904	14,556,907
Pupil Transportation	14,119,145	14,071,942			14,119,145	14,071,942
Business and Other Support Services	3,302,460	3,203,842			3,302,460	3,203,842
Interest on Long-Term Debt	2,387,803	1,449,161			2,387,803	1,449,161
Food Service			3,415,527	3,197,377	3,415,527	3,197,377
Other-Business Activities	-	-	724,928	827,389	724,928	827,389
Total Expenses	<u>169,816,328</u>	<u>151,958,703</u>	<u>4,140,455</u>	<u>4,024,766</u>	<u>173,956,783</u>	<u>155,983,469</u>
Change in Net Position	4,889,130	4,820,695	405,360	147,593	5,294,490	4,968,288
Net Position, Beginning of Year	10,319,135	45,548,696	(1,195,069)	1,109,260	9,124,066	46,657,956
Prior Period Adjustment	-	(40,050,256)	-	(2,451,922)	-	(42,502,178)
Net Position, End of Year	<u>\$ 15,208,265</u>	<u>\$ 10,319,135</u>	<u>\$ (789,709)</u>	<u>\$ (1,195,069)</u>	<u>\$ 14,418,556</u>	<u>\$ 9,124,066</u>

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

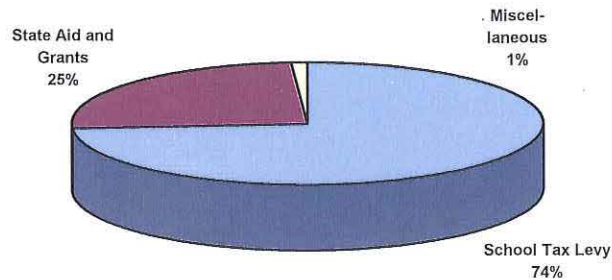
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$174,705,458 and \$156,779,398 for the fiscal year ended June 30, 2015 and June 30, 2014, respectively. Property taxes of \$129,401,431 and \$127,153,050 represented 74% and 81% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$43,218,963 and \$28,922,864 which was represented 25% and 18% of the revenues for fiscal years ended June 30, 2015 and 2014, respectively. The significant increase in this revenue type is attributable to the adjustment to the On-Behalf TPAF contribution to recognize the actuarially determined amount that should have been contributed on behalf of the District. This adjustment which increases both the revenues and expenses of the governmental activities was \$12,196,951. The District also had \$681,110 and \$33,008 of capital grants and contributions for the fiscal years ended June 30, 2015 and 2014, respectively. The balance of revenues for fiscal year June 30, 2015 and 2014, respectively is charges for transportation services (\$14,803 and \$6,713), charges for tuition (\$340,224 and \$432,037) and miscellaneous income (\$1,038,600 and \$432,037) which includes items such as investment earnings, prior year refunds, etc.

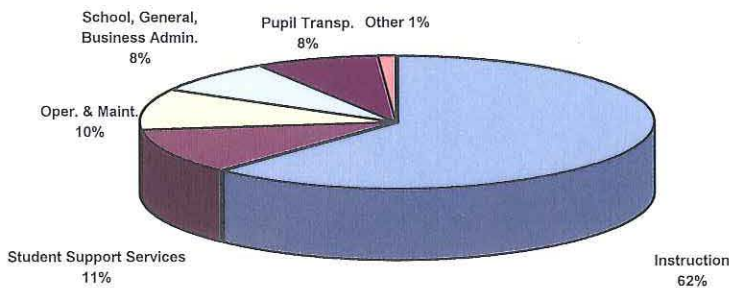
The total cost of all governmental activities programs and services was \$169,816,328 and \$151,958,703. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$104,818,268 and \$90,650,070 (62%) of total expenses. Student and Instruction Related Services totaled \$18,343,728 and \$18,398,799 or (11% and 12%) of total expenses.

Total governmental activities revenues exceed expenses resulting in net position increasing \$4,889,130 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2015



Expenses by Type- Governmental Activities
For Fiscal Year 2015



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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Total and Net Cost of Governmental Activities. The District's total cost of services was \$169,816,328 and \$151,958,703 for the fiscal years ended June 30, 2015 and 2014. After applying program revenues, derived from charges for services of \$365,354 and \$238,439, and operating grants and contributions of \$37,566,708 and \$23,255,831, and capital grants and contributions of \$681,110 and \$33,008, the net cost of services of the District is \$131,203,156 and \$128,431,425, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction				
Regular	\$ 65,459,896	\$ 56,162,752	\$ 47,966,620	\$ 47,065,897
Special Education	30,420,992	26,765,570	17,218,306	16,832,672
Vocational Education-Tuition	155,650	200,630	155,650	200,630
School Sponsored Activities and Athletics	2,231,855	1,792,310	1,376,194	1,586,415
Other Instruction	6,549,875	5,728,808	4,788,570	5,114,341
Support Services				
Student and Instruction Related Services	18,343,728	18,398,799	17,544,741	17,800,151
School Administrative Services	8,091,290	7,080,686	6,851,971	6,593,913
General Administrative Services	2,268,730	2,547,296	2,268,730	2,547,296
Plant Operations and Maintenance	16,484,904	14,556,907	14,233,256	12,955,125
Pupil Transportation	14,119,145	14,071,942	13,108,855	13,081,982
Business and Other Support Services	3,302,460	3,203,842	3,302,460	3,203,842
Interest on Long-Term Debt	<u>2,387,803</u>	<u>1,449,161</u>	<u>2,387,803</u>	<u>1,449,161</u>
Total	<u>\$ 169,816,328</u>	<u>\$ 151,958,703</u>	<u>\$ 131,203,156</u>	<u>\$ 128,431,425</u>

Business-Type Activities – The District's total business-type activities revenues were \$4,545,815 and \$4,172,359 for the fiscal years ended June 30, 2015 and 2014, respectively. Charges for services accounted for 49% of total revenues. Operating grants and contributions of \$2,306,793 and \$2,159,203 accounted for 51% of total revenue for each of the fiscal years. The balance of the revenues, \$1,669 and \$1,985, represents investment earnings.

The total cost of all business-type activities programs and services was \$4,140,455 and \$4,024,766 for the fiscal years ended June 30, 2015 and 2014. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the C.A.R.E. program within the District.

Total business-type activities revenues exceeded expenses increasing net position by \$405,360 over the last year.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2015, its governmental funds reported a combined fund balance of \$99,596,571. At June 30, 2014, the fund balance was \$7,886,055.

Revenues and other financing sources for the District's governmental funds were \$251,523,507, while total expenditures were \$159,812,991 for the fiscal year ended June 30, 2015. Included in the other financing sources are the bonds issued for \$81,480,000 to fund the District's 2014 referendum projects and \$7,535,000 in lease purchase proceeds used to fund the Energy Savings Incentive program

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2015</u>	Fiscal Year Ended <u>June 30, 2014</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 124,774,680	\$ 122,328,118	\$ 2,446,562	2%
Interest	41,665	21,599	20,066	93%
State/Federal Sources	26,416,460	24,490,568	1,925,892	8%
Miscellaneous	<u>1,349,624</u>	<u>642,262</u>	<u>707,362</u>	110%
 Total General Fund Revenues	 <u>\$ 152,582,429</u>	 <u>\$ 147,482,547</u>	 <u>\$ 5,099,882</u>	 3%

Total General Fund Revenues increased by \$5,099,882 or 3% over the previous year.

Local property taxes increased 2% over the previous year. State and federal aid revenues increased \$1,925,892 or 8% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Interest income revenues increased due to an increase in interest rates on bank balances and higher available cash balances.

Miscellaneous revenues increased due to onetime revenues such as cancellation of prior year payables, refunds on prior year expenditures and proceeds from the sale of District owned property received in fiscal year end June 30, 2015.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2015</u>	Fiscal Year Ended <u>June 30, 2014</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 87,466,958	\$ 84,400,702	\$ 3,066,256	4%
Support and Undistributed Services	58,055,767	59,084,469	(1,028,702)	-2%
Capital Outlay	<u>696,470</u>	<u>258,845</u>	<u>437,625</u>	169%
Total Expenditures	<u>\$ 146,219,195</u>	<u>\$ 143,744,016</u>	<u>\$ 2,475,179</u>	2%

Total General Fund expenditures increased \$2,475,179 or 2% from the previous year.

In 2014-2015, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,052,221. As a result, total fund balance increased to \$9,343,791 at June 30, 2015. After deducting transfers and reserves, the unrestricted, unassigned fund balance increased from \$201,785 at June 30, 2014 to a balance of \$277,833 at June 30, 2015.

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

Revenues of the Special Revenue Fund were \$4,605,552 for the year ended June 30, 2015. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 73% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$173,256 or 4% from the previous year. State sources increased \$21,925 or 2% and Federal sources increased \$158,251 or 5%. Local sources decreased \$6,920. There was also a transfer of \$233,728 from the general operating fund budget for the fiscal year ended June 30, 2015. This was to fund the inclusion of pre-kindergarten students.

Expenditures of the Special Revenue Fund were \$4,837,934. Instructional expenditures were \$4,580,799 or 95% and expenditures for the support services were \$257,135 or 5% of total expended for the year ended June 30, 2015.

There was a deficit in fund balance at June 30, 2015 of \$82,338 due to delayed state aid payments.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Capital Projects - The capital projects revenues and other financing sources exceeded expenditures and other financing uses by \$89,675,084 increasing fund balance to \$90,316,347 at June 30, 2015. The increase is primarily due to the taxpayer approved referendum project which was funded by school bonds of \$81,480,000, issued during 2014/2015. In addition, the District entered into a \$7,535,000 lease purchase agreement to fund various energy saving initiative projects throughout the District. There was also a transfer of \$4,077,285 from the capital reserve to partially fund various roof replacements and to fully fund several HVAC upgrades.

Proprietary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$81,530,401 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, construction in progress, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2014-2015 amounted to \$2,953,400 for governmental activities and \$50,490 for business-type activities.

Capital Assets at June 30, 2015 and 2014
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 832,000	\$ 832,000			\$ 832,000	\$ 832,000
Construction in Progress	1,430,721				1,430,721	
Improvements Other Than Buildings	3,783,044	4,166,986			3,783,044	4,166,986
Building and Building Improvements	69,761,260	71,348,066			69,761,260	71,348,066
Machinery and Equipment	5,278,578	4,936,516	\$ 444,798	\$ 406,306	5,723,376	5,342,822
Total Capital Assets, Net	<u>\$ 81,085,603</u>	<u>\$ 81,283,568</u>	<u>\$ 444,798</u>	<u>\$ 406,306</u>	<u>\$ 81,530,401</u>	<u>\$ 81,689,874</u>

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

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$1,816,110, claims and judgments payable of \$1,100,834; bonds payable of \$111,360,000, capital leases/lease purchase agreements payable of \$9,101,246, and net pension liability of \$40,116,869. The District's long-term liabilities for the business-type activities consisted of net pension liability of \$2,456,000.

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-2016 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 98,775,963	\$ 1,529,771	\$ 100,305,734
Receivables, net	8,210,282	229,577	8,439,859
Inventory		61,370	61,370
Internal Balances	38,205	(38,205)	
Prepaid Items	35,335		35,335
Capital Assets			
Not Being Depreciated	2,262,721	-	2,262,721
Being Depreciated, Net	78,822,882	444,798	79,267,680
Total Assets	<u>188,145,388</u>	<u>2,227,311</u>	<u>190,372,699</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	1,619,053	-	1,619,053
Deferred Amounts on Net Pension Liability	2,022,293	123,807	2,146,100
Total Deferred Outflows of Resources	<u>3,641,346</u>	<u>123,807</u>	<u>3,765,153</u>
Total Assets and Deferred Outflows of Resources	<u>191,786,734</u>	<u>2,351,118</u>	<u>194,137,852</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,104,949	439,270	2,544,219
Payable to Governments	71,228		71,228
Accrued Interest Payable	1,534,867		1,534,867
Unearned Revenue	5,287,037	81,828	5,368,865
Noncurrent Liabilities			
Due Within One Year	6,894,739		6,894,739
Due Beyond One Year	158,294,901	2,456,000	160,750,901
Total Liabilities	<u>174,187,721</u>	<u>2,977,098</u>	<u>177,164,819</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		17,364	17,364
Deferred Amounts on Net Pension Liability	2,390,748	146,365	2,537,113
Total Deferred Inflows of Resources	<u>2,390,748</u>	<u>163,729</u>	<u>2,554,477</u>
Total Liabilities and Deferred Inflows of Resources	<u>176,578,469</u>	<u>3,140,827</u>	<u>179,719,296</u>
NET POSITION			
Net Investment in Capital Assets	41,256,919	444,798	41,701,717
Restricted for			
Capital Projects	14,404,545		14,404,545
Debt Service	19,538		19,538
Unrestricted	<u>(40,472,737)</u>	<u>(1,234,507)</u>	<u>(41,707,244)</u>
Total Net Position	<u>\$ 15,208,265</u>	<u>\$ (789,709)</u>	<u>\$ 14,418,556</u>

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 65,459,896	\$ 53,797	\$ 17,439,479		\$ (47,966,620)		\$ (47,966,620)
Special Education	30,420,992	286,427	12,916,259		(17,218,306)		(17,218,306)
Vocational Education- Tuition	155,650				(155,650)		(155,650)
School Sponsored Activities and Athletics	2,231,855		855,661		(1,376,194)		(1,376,194)
Other Instruction	6,549,875		1,761,305		(4,788,570)		(4,788,570)
Support Services							
Student & Instruction Related Services	18,343,728		798,987		(17,544,741)		(17,544,741)
School Administrative Services	8,091,290		1,239,319		(6,851,971)		(6,851,971)
General Administrative Services	2,268,730		-		(2,268,730)		(2,268,730)
Plant Operations and Maintenance	16,484,904	10,327	1,560,211	\$ 681,110	(14,233,256)		(14,233,256)
Pupil Transportation	14,119,145	14,803	995,487		(13,108,855)		(13,108,855)
Business/Central & Other Support Services	3,302,460				(3,302,460)		(3,302,460)
Interest on Long-Term Debt	2,387,803	-	-	-	(2,387,803)	-	(2,387,803)
Total Governmental Activities	<u>169,816,328</u>	<u>365,354</u>	<u>37,566,708</u>	<u>681,110</u>	<u>(131,203,156)</u>	<u>-</u>	<u>(131,203,156)</u>
Business-Type Activities							
Food Service	3,415,527	1,345,128	2,306,793			\$ 236,394	236,394
C.A.R.E.	724,928	892,225	-	-	-	167,297	167,297
Total Business-Type Activities	<u>4,140,455</u>	<u>2,237,353</u>	<u>2,306,793</u>	<u>-</u>	<u>-</u>	<u>403,691</u>	<u>403,691</u>
Total Primary Government	<u>\$ 173,956,783</u>	<u>\$ 2,602,707</u>	<u>\$ 39,873,501</u>	<u>\$ 681,110</u>	<u>(131,203,156)</u>	<u>403,691</u>	<u>(130,799,465)</u>

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

Continued

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried forward)	\$ (131,203,156)	\$ 403,691	\$ (130,799,465)
General Revenues			
Property Taxes			
Property Taxes, Levied for General Purposes	124,774,680		124,774,680
Taxes Levied for Debt Service	4,626,751		4,626,751
State Aid Unrestricted	5,652,255		5,652,255
Investment Earnings	53,351	1,669	55,020
Miscellaneous Income	985,249	-	985,249
Total General Revenues	136,092,286	1,669	136,093,955
Change in Net Position	4,889,130	405,360	5,294,490
Net Position, Beginning of Year (Restated)	10,319,135	(1,195,069)	9,124,066
Net Position, End of Year	\$ 15,208,265	\$ (789,709)	\$ 14,418,556

FUND FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 8,834,775		\$ 83,945,975	\$ 6,532	\$ 92,787,282
Due from Other Funds	1,179,993			12,239	1,192,232
Receivables from Other Governments	557,397	\$ 1,460,950	5,882,803		7,901,150
Other Receivables	282,251	26,881			309,132
Prepaid Items	35,335				35,335
Restricted Cash with Fiscal Agents	-	-	5,988,681	-	5,988,681
	<u>10,889,751</u>	<u>1,487,831</u>	<u>95,817,459</u>	<u>18,771</u>	<u>108,213,812</u>
Total Assets	<u>\$ 10,889,751</u>	<u>\$ 1,487,831</u>	<u>\$ 95,817,459</u>	<u>\$ 18,771</u>	<u>\$ 108,213,812</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 928,322	\$ 387,945	\$ 211,659		\$ 1,527,926
Accrued Salaries & Wages	304,574				304,574
Accrued Liability for Insurance Claims	221,301				221,301
Other Liabilities	51,148				51,148
Due to Other Funds	40,615	1,101,173	12,239		1,154,027
Payable to State Government		71,228			71,228
Unearned Revenue	-	9,823	5,277,214	-	5,287,037
	<u>1,545,960</u>	<u>1,570,169</u>	<u>5,501,112</u>	<u>-</u>	<u>8,617,241</u>
Total Liabilities	<u>1,545,960</u>	<u>1,570,169</u>	<u>5,501,112</u>	<u>-</u>	<u>8,617,241</u>
Fund Balances					
Nonspendable					
Prepaid Item	35,335				35,335
Restricted					
Excess Surplus	2,134,772				2,134,772
Excess Surplus- Designated for					
Subsequent Year's Expenditures (2015/16)	909,720				909,720
Capital Reserve	4,797,055				4,797,055
Capital Projects			90,315,580		90,315,580
Debt Service			767	\$ 18,771	19,538
Assigned					
Designated for Subsequent Year's					
Expenditures (2015/16)	1,090,280				1,090,280
ARRA-SEMI- Designated for					
Subsequent Year's Expenditures (2016/17)	29,409				29,409
Purchases on Order	69,387				69,387
Unassigned					
General Fund	277,833				277,833
Special Revenue Fund	-	(82,338)	-	-	(82,338)
	<u>9,343,791</u>	<u>(82,338)</u>	<u>90,316,347</u>	<u>18,771</u>	<u>99,596,571</u>
Total Fund Balances	<u>9,343,791</u>	<u>(82,338)</u>	<u>90,316,347</u>	<u>18,771</u>	<u>99,596,571</u>
Total Liabilities and Fund Balances	<u>\$ 10,889,751</u>	<u>\$ 1,487,831</u>	<u>\$ 95,817,459</u>	<u>\$ 18,771</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:		99,596,571
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$126,079,051 and the accumulated depreciation is \$44,993,448.		81,085,603
The District has financed capital assets through the issuance of serial bonds and capital lease/lease purchase obligations. The interest accrual at year end is:		(1,534,867)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		1,619,053
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)		(165,189,640)
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	\$ 2,022,293	
Deferred Infows of Resources	<u>(2,390,748)</u>	
		<u>(368,455)</u>
Net Position of Governmental Activities (Exhibit A-1)		<u>\$ 15,208,265</u>

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 124,774,680			\$ 4,626,751	\$ 129,401,431
Interest	41,665		\$ 11,686		53,351
Tuition	340,224				340,224
Transportation Fees	14,803				14,803
Miscellaneous	994,597	\$ 990	979	-	996,566
Total - Local Sources	126,165,969	990	12,665	4,626,751	130,806,375
State Sources	26,024,763	1,228,213	681,110		27,934,086
Federal Sources	391,697	3,376,349	-	-	3,768,046
Total Revenues	152,582,429	4,605,552	693,775	4,626,751	162,508,507
EXPENDITURES					
Current					
Regular Instruction	53,259,520	3,397,246			56,656,766
Special Education Instruction	26,261,380	1,183,553			27,444,933
Vocational Education Instruction- Tuition	155,650				155,650
Other Instruction	5,615,190				5,615,190
School-Sponsored Activities and Athletics	1,780,494				1,780,494
Support Services					
Student and Instruction Related Services	17,573,630	257,135			17,830,765
School Administrative Services	7,306,968				7,306,968
General Administrative Services	2,197,604				2,197,604
Plant Operations and Maintenance	13,968,836		2,038,772		16,007,608
Pupil Transportation	13,477,190				13,477,190
Business Central Services	3,127,798				3,127,798
Debt Service					
Principal	769,028		1,000	3,265,000	4,035,028
Interest and Other Charges	29,437			1,392,125	1,421,562
Capital Outlay	696,470	-	2,058,965	-	2,755,435
Total Expenditures	146,219,195	4,837,934	4,098,737	4,657,125	159,812,991
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,363,234	(232,382)	(3,404,962)	(30,374)	2,695,516
OTHER FINANCING SOURCES (USES)					
Bond Proceeds			81,480,000		81,480,000
Lease Purchase Proceeds			7,535,000		7,535,000
Transfers In		233,728	4,077,285	12,239	4,323,252
Transfers Out	(4,311,013)	-	(12,239)	-	(4,323,252)
Total Other Financing Sources and Uses	(4,311,013)	233,728	93,080,046	12,239	89,015,000
Net Change in Fund Balances	2,052,221	1,346	89,675,084	(18,135)	91,710,516
Fund Balance (Deficit), Beginning of Year	7,291,570	(83,684)	641,263	36,906	7,886,055
Fund Balance (Deficit), End of Year	\$ 9,343,791	\$ (82,338)	\$ 90,316,347	\$ 18,771	\$ 99,596,571

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 91,710,516

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

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

Capital Outlay	\$	2,755,435	
Depreciation Expense		<u>(2,953,400)</u>	
			(197,965)

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

Compensated Absences, Net		(87,839)	
Claims and Judgements for Self Insurance Claims, Net		(154,301)	
Increase in Pension Expense		<u>(435,068)</u>	
			(677,208)

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these activities: (See Note 2)

(84,979,972)

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

Amortization of Original Issue Premium		262,215	
Amortization of Deferred Amount on Refunding of Debt		<u>(211,603)</u>	

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

Increase in Accrued Interest		<u>(1,016,853)</u>	
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 4,889,130

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,154,036	\$ 375,735	\$ 1,529,771
Intergovernmental Receivable			
State	4,642		4,642
Federal	213,954		213,954
Other Receivables		10,981	10,981
Inventories	61,370		61,370
Due from Other Funds	40,615	-	40,615
	<u>1,474,617</u>	<u>386,716</u>	<u>1,861,333</u>
Total Current Assets			
Capital Assets			
Equipment	1,179,126	50,780	1,229,906
Less: Accumulated Depreciation	(749,562)	(35,546)	(785,108)
	<u>429,564</u>	<u>15,234</u>	<u>444,798</u>
Total Capital Assets, Net			
Total Assets	<u>1,904,181</u>	<u>401,950</u>	<u>2,306,131</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>116,369</u>	<u>7,438</u>	<u>123,807</u>
Total Deferred Outflows of Resources	<u>116,369</u>	<u>7,438</u>	<u>123,807</u>
Total Assets and Deferred Outflows of Resources	<u>2,020,550</u>	<u>409,388</u>	<u>2,429,938</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	276,438	28,814	305,252
Deposits Payable		134,018	134,018
Unearned Revenue	81,828		81,828
Due to Other Funds	-	78,820	78,820
	<u>358,266</u>	<u>241,652</u>	<u>599,918</u>
Total Current Liabilities			
Long Term Liabilities			
Net Pension Liability	<u>2,308,442</u>	<u>147,558</u>	<u>2,456,000</u>
Total Long Term Liabilities	<u>2,308,442</u>	<u>147,558</u>	<u>2,456,000</u>
Total Liabilities	<u>2,666,708</u>	<u>389,210</u>	<u>3,055,918</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	17,364	-	17,364
Deferred Amounts on Net Pension Liability	<u>137,571</u>	<u>8,794</u>	<u>146,365</u>
Total Deferred Inflows of Resources	<u>154,935</u>	<u>8,794</u>	<u>163,729</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,821,643</u>	<u>398,004</u>	<u>3,219,647</u>
NET POSITION			
Investment in Capital Assets	429,564	15,234	444,798
Unrestricted	<u>(1,230,657)</u>	<u>(3,850)</u>	<u>(1,234,507)</u>
Total Net Position	<u>\$ (801,093)</u>	<u>\$ 11,384</u>	<u>\$ (789,709)</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales	\$ 1,228,633		\$ 1,228,633
Special Functions	64,578		64,578
Program Fees		\$ 887,230	887,230
Miscellaneous	<u>51,917</u>	<u>4,995</u>	<u>56,912</u>
Total Operating Revenues	<u>1,345,128</u>	<u>892,225</u>	<u>2,237,353</u>
OPERATING EXPENSES			
Cost of Sales	1,454,516		1,454,516
Salaries and Employee Benefits	1,338,481	622,975	1,961,456
Pension	126,679	8,098	134,777
Other Purchased Services	49,943	36,141	86,084
Utilities	76,032		76,032
Supplies and Materials	80,667	6,297	86,964
Depreciation	45,412	5,078	50,490
Miscellaneous	<u>243,797</u>	<u>46,339</u>	<u>290,136</u>
Total Operating Expenses	<u>3,415,527</u>	<u>724,928</u>	<u>4,140,455</u>
Operating Income/(Loss)	<u>(2,070,399)</u>	<u>167,297</u>	<u>(1,903,102)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	37,974		37,974
Federal Sources			
National School Lunch Program	1,679,602		1,679,602
Breakfast Program	589,217		589,217
Interest and Investment Revenue	<u>1,185</u>	<u>484</u>	<u>1,669</u>
Total Nonoperating Revenues	<u>2,307,978</u>	<u>484</u>	<u>2,308,462</u>
Change in Net Position	237,579	167,781	405,360
Net Position, Beginning of Year (Restated)	<u>(1,038,672)</u>	<u>(156,397)</u>	<u>(1,195,069)</u>
Net Position, End of Year	<u>\$ (801,093)</u>	<u>\$ 11,384</u>	<u>\$ (789,709)</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 1,353,227	\$ 924,915	\$ 2,278,142
Cash Received for Registration Deposits		3,132	3,132
Cash Payments for Employees' Salaries and Benefits	(1,502,398)	(645,909)	(2,148,307)
Cash Payments to Suppliers for Goods and Services	(1,561,641)	(294,841)	(1,856,482)
Net Cash Used by Operating Activities	(1,710,812)	(12,703)	(1,723,515)
Cash Flows from Noncapital Financing Activities			
Cash Payments Due from General Fund	(248,723)		(248,723)
Cash Received from State and Federal Subsidy Reimburse.	2,059,963	-	2,059,963
Net Cash Provided by Noncapital Financing Act.	1,811,240	-	1,811,240
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(88,982)	-	(88,982)
Net Cash Used by Capital Financing Activities	(88,982)	-	(88,982)
Cash Flows from Investing Activities			
Interest on Investments	1,185	484	1,669
Net Cash Provided by Investing Activities	1,185	484	1,669
Net Increase/(Decrease) in Cash and Cash Equivalents	12,631	(12,219)	412
Cash and Cash Equivalents, Beginning of Year	1,141,405	387,954	1,529,359
Cash and Cash Equivalents, End of Year	\$ 1,154,036	\$ 375,735	\$ 1,529,771
Reconciliation of Operating Income/(Loss) to Net Cash Used by Operating Activities			
Operating Income/(Loss)	\$ (2,070,399)	\$ 167,297	\$ (1,903,102)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities			
Depreciation	45,412	5,078	50,490
Food Distribution (USDA Commodities) Nat'l School Lunch	222,969		222,969
Change in Assets, Liabilities and Deferred Inflows of Resources			
Increase/(Decrease) in Accounts Payable	52,603	(18,788)	33,815
Increase/(Decrease) in Unearned Revenue	2,150		2,150
(Increase)/Decrease in Due from Other Funds	208,108		208,108
(Increase)/Decrease in Other Receivables		35,823	35,823
(Increase)/Decrease in Inventories	(20,867)		(20,867)
Increase/(Decrease) in Deposits Payable		(3,132)	(3,132)
Increase/(Decrease) in Due to Other Funds	(190,482)	(200,582)	(391,064)
Increase/(Decrease) in Net Pension Liability	3,833	245	4,078
(Increase)/Decrease in Deferred Outflows of Resources	(116,369)	(7,438)	(123,807)
Increase/(Decrease) in Deferred Inflows of Resources	152,230	8,794	161,024
Total Adjustments	359,587	(180,000)	179,587
Net Cash Used by Operating Activities	\$ (1,710,812)	\$ (12,703)	\$ (1,723,515)
Non-Cash Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 237,627		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,276,680	\$ 17,593	\$ 3,494,940
Cash with Fiscal Agents	<u>-</u>	<u>-</u>	<u>36,442</u>
Total Assets	<u>1,276,680</u>	<u>17,593</u>	<u>\$ 3,531,382</u>
LIABILITIES			
Due to Student Groups			\$ 255,870
Flexible Spending (Sect. 125) Account			36,442
Payroll Deductions and Withholdings			3,909
Accrued Salaries & Wages			3,235,161
Intergovernmental Payable	<u>26,248</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>26,248</u>	<u>-</u>	<u>\$ 3,531,382</u>
NET POSITION			
Restricted For Scholarships		<u>\$ 17,593</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,250,432</u>		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Employee Contributions	\$ 111,697	
Other Contributions		\$ 19,469
Investment Earnings		
Interest	1,312	17
	<hr/>	<hr/>
Total Additions	113,009	19,486
DEDUCTIONS		
Unemployment Claims and Contrib.	233,996	
Scholarship Awards & Disbursements	-	19,309
	<hr/>	<hr/>
Total Deductions	233,996	19,309
Change in Net Position	(120,987)	177
Net Position, Beginning of Year	<hr/> 1,371,419	<hr/> 17,416
Net Position, End of Year	<u>\$ 1,250,432</u>	<u>\$ 17,593</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 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*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarship awards and agency fund. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital. The agency funds account for assets held by the District as an agent for student activities, payroll deductions and withholding and state unemployment insurance claims. The funds for the student activities fund are solely for noninstructional student activities and the school administration does not have management involvement. The funds for the state unemployment insurance claims funds are held to reimburse the State for unemployment benefits for terminated employees. The payroll funds are held to remit withholdings to respective state, federal and other agencies.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts for Lease-Purchase Agreements for capital projects.

6. *Capital Assets*

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item which arises only under the accrual basis of accounting that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

8. *Compensated Absences*

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Pensions*

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

10. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

11. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

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

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2015 that will be appropriated either by Board resolution into the 2015/2016 budget or in the adopted 2016/2017 budget certified for taxes.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

11. *Net Position/Fund Balance (Continued)*

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

12. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assigned fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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

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

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the CARE enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(165,189,640) difference are as follows:

Bonds Payable	\$ (111,360,000)
Add: Issuance Premium (to be Amortized as Interest Expense)	(1,694,581)
Capital Leases/Lease Purchase Agreements Payable	(9,101,246)
Claims and Judgments	(1,100,834)
Compensated Absences	(1,816,110)
Net Pension Liability	<u>(40,116,869)</u>
 Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	 <u>\$ (165,189,640)</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities

An element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(84,979,972) difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ (7,535,000)
Issuance of general obligation bonds	(81,480,000)
Principal repayments:	
General obligation bonds	3,265,000
Down payment on capital lease/lease purchase	<u>770,028</u>
 Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	 <u>\$ (84,979,972)</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 17, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original general fund budget by \$36,714 and the original special revenue fund budget by \$1,315,365. The increase in the general fund was funded by the reappropriation of prior year general fund encumbrances. The increase in the special revenue fund was funded by additional grant awards.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Other Support Services-Students Extra Service			
Purchased Professional Educational Services	\$849,938	\$851,998	\$(2,060)
Special Revenue Fund			
Support Services			
Salaries of Program Directors	292,733	295,884	(3,151)

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$82,338 in the Special Revenue Fund as of June 30, 2015 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2014/2015 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the Special Revenue Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity (Continued)

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$82,338 in the Special Revenue Fund is equal to the delayed state aid payments.

The Food Service Enterprise Fund has a cumulative deficit in net position of \$801,093 as of June 30, 2015. The deficit is due to the District's accrual of the long-term liability associated with the fund's proportionate share of the District's total PERS net pension liability as required under GASB Statement No. 68. The deficit alone does not indicate that the food service operations are facing financial difficulties. The District is required to pay an annual contribution of which a portion is being paid by food service operations.

D. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 4,137,851
Increased by:		
Interest earnings	\$ 2,304	
Deposits Approved by Board Resolution	<u>4,734,185</u>	
Total Increases		<u>4,736,489</u>
		8,874,340
Decreased by:		
Withdrawals by Board Resolution	<u>4,077,285</u>	
Total Withdrawals		<u>4,077,285</u>
Balance, June 30, 2015		<u>\$ 4,797,055</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2015 is \$3,044,492. Of this amount, \$909,720 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$2,134,772 will be appropriated in the 2016/2017 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits and investments were \$105,131,389 and bank and brokerage firm balances of the Board's deposits amounted to \$106,879,909. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash with Fiscal Agents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 106,843,467
Uninsured and Collateralized	<u>36,442</u>
	<u>\$ 106,879,909</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balance of \$36,442 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 36,442</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

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

As of June 30, 2015, the Board had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Government Securities	
Cash with Fiscal Agents	\$ <u>5,988,681</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2015, \$5,988,681 of the Board’s investments was exposed to custodial credit risk as follows:

Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department or agent in the Board's name	\$ <u>5,988,681</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investment was based on quoted market prices.

Interest earnings from the unexpended lease purchase proceeds in the Capital Projects Fund are restricted to be used for the repayment of the lease. Interest earnings on bond proceeds in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policies.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>C.A.R.E. Enterprise</u>	<u>Total</u>
Receivables:						
Accounts	\$ 282,251	\$ 25,441			\$ 10,981	\$ 318,673
Intergovernmental						
Federal	31,047	1,452,084		\$ 213,954	-	1,697,085
State	381,793	8,866	\$ 5,882,803	4,642	-	6,278,104
State Tuition	144,557	-	-	-	-	144,557
Local	-	1,440	-	-	-	1,440
Gross Receivables	<u>839,648</u>	<u>1,487,831</u>	<u>5,882,803</u>	<u>218,596</u>	<u>10,981</u>	<u>8,439,859</u>
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u>\$ 839,648</u>	<u>\$ 1,487,831</u>	<u>\$ 5,882,803</u>	<u>\$ 218,596</u>	<u>\$ 10,981</u>	<u>\$ 8,439,859</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 9,823
Capital Projects Fund	
Unrealized School Facilities Grants	<u>5,277,214</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 5,287,037</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, July 1, 2014	Increases	Decreases	Balance, June 30, 2015
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress		\$ 1,430,721		\$ 1,430,721
Land	\$ 832,000	-	-	832,000
Total Capital Assets, Not Being Depreciated	<u>832,000</u>	<u>1,430,721</u>	<u>-</u>	<u>2,262,721</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	103,150,601	628,244		103,778,845
Improvements Other Than Buildings	9,693,053			9,693,053
Machinery and Equipment	9,670,560	696,470	\$ (22,598)	10,344,432
Total Capital Assets Being Depreciated	<u>122,514,214</u>	<u>1,324,714</u>	<u>(22,598)</u>	<u>123,816,330</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(31,802,535)	(2,215,050)		(34,017,585)
Improvements Other Than Buildings	(5,526,067)	(383,942)		(5,910,009)
Machinery and Equipment	(4,734,044)	(354,408)	22,598	(5,065,854)
Total Accumulated Depreciation	<u>(42,062,646)</u>	<u>(2,953,400)</u>	<u>22,598</u>	<u>(44,993,448)</u>
Total Capital Assets, Being Depreciated, Net	<u>80,451,568</u>	<u>(1,628,686)</u>	<u>-</u>	<u>78,822,882</u>
Governmental Activities Capital Assets, Net	<u>\$ 81,283,568</u>	<u>\$ (197,965)</u>	<u>\$ -</u>	<u>\$ 81,085,603</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 1,140,924	\$ 88,982	-	\$ 1,229,906
Total Capital Assets Being Depreciated	<u>1,140,924</u>	<u>88,982</u>	<u>-</u>	<u>1,229,906</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(734,618)	(50,490)	-	(785,108)
Total Accumulated Depreciation	<u>(734,618)</u>	<u>(50,490)</u>	<u>-</u>	<u>(785,108)</u>
Total Capital Assets, Being Depreciated, Net	<u>406,306</u>	<u>38,492</u>	<u>-</u>	<u>444,798</u>
Business-Type Activities Capital Assets, Net	<u>\$ 406,306</u>	<u>\$ 38,492</u>	<u>\$ -</u>	<u>\$ 444,798</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 1,329,030
Special Education	413,476
Total Instruction	<u>1,742,506</u>

Support Services

Student and Instruction Related Services	29,534
School Administrative Services	59,068
General Administrative Services	59,068
Plant Operations and Maintenance	324,874
Pupil Transportation	620,214
Business/Central & Other Support Services	118,136
Total Support Services	<u>1,210,894</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 2,953,400</u>
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Business-Type Activities:

Food Service Fund	\$ 45,412
C.A.R.E. Enterprise Fund	5,078
Total Depreciation Expense-Business-Type Activities	<u>\$ 50,490</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Capital Projects Fund		
Bleacher Project- Franklin Middle School		\$ 118,876
Bleacher Project- Sampson G. Smith		117,828
Bleacher Project- FMS Auxilliary Gym		50,696
Paving at various locations		323,000
Asbestos Abatement at various schools	\$ 69,000	211,800
Roof Replacement and HVAC at Franklin Middle School	631,853	2,256,147
Architectural Services for Re-Roofing Projects	200,285	83,960
Security Upgrades at Admin Building	42,026	24,699
Roof Replacement at Hillcrest	445,640	82,360
Roof Replacement at Sampson G. Smith	377,829	81,171
Upgrades to kitchen, cafeteria and auditorium at Sampson G. Smith	38,475	155,525
Lighting Upgrades at Sampson G. Smith	15,865	416,192
Lighting Replacements/Retrofits at all locations		1,435,600
Mechanical Upgrades at all locations	294,620	892,713
Boiler Replacements/mechanical upgrades/replacements at various locations	156,751	2,666,249
Fire Alarm upgrades at various locations		572,122
Boiler Replacement at Sampson G. Smith	31,540	403,460
Architectural Services for Claremont School	150,000	1,850,000
Architectural Service for Referendum	<u>76,768</u>	<u>562,962</u>
 Total Construction Commitments	 <u>\$ 2,530,652</u>	 <u>\$ 12,305,360</u>

Encumbrances. As discussed in Note 3A, Budgetary information, Budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 69,387
Capital Projects Fund	<u>14,491,580</u>
 Total	 <u>\$14,560,967</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	C.A.R.E. Enterprise Fund	\$ 78,820
General Fund	Special Revenue Fund	1,101,173
Food Service Enterprise Fund	General Fund	40,615
Debt Service Fund	Capital Projects Fund	<u>12,239</u>
Total		<u>\$ 1,232,847</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>			<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
Transfer Out:				
General Fund	\$ 4,077,285	\$ 233,728		\$4,311,013
Capital Projects	<u>-</u>	<u>-</u>	\$ 12,239	<u>12,239</u>
Total Transfers Out	<u>\$ 4,077,285</u>	<u>\$ 233,728</u>	<u>\$ 12,239</u>	<u>\$4,323,252</u>

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

F. Leases

Operating Leases

The District leases computers and computer equipment under noncancelable operating lease for terms of 3 and 4 years. Lease payments for the fiscal year ended June 30, 2015 were \$1,886,371. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ 1,912,302
2017	<u>110,277</u>
Total	<u>\$ 2,022,579</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases/Lease Purchase Agreements

The District is leasing trailers and various energy initiative program projects totaling \$11,384,000 under lease purchase agreements. The leases are for terms of 5 to 20 years.

The capital assets acquired through capital leases/lease purchase agreements are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ <u>5,007,918</u>

The unexpended proceeds from ESIP lease purchase in the amount of \$5,988,861 at June 30, 2015 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 1,179,187
2017	1,218,040
2018	415,559
2019	432,200
2020	441,305
2021-2025	2,380,037
2026-2030	2,656,627
2031-2035	<u>2,997,874</u>
Total minimum lease payments	11,720,829
Less: amount representing interest	<u>(2,619,583)</u>
Present value of minimum lease payments	<u>\$ 9,101,246</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2015 are comprised of the following issues:

\$10,000,000, 2006 Refunding Bonds, due in annual installments of \$20,000 to \$2,410,000 through August 15, 2026, interest at 3.75-4.375%	\$ 9,685,000
\$24,970,000, 2009 Refunding Bonds, due in annual installments of \$45,000 to \$2,340,000 through August 15, 2023, interest at 4.00-5.00%	18,115,000
\$3,220,000, 2013 Refunding Bonds, due in annual installments of \$1,025,000 to \$1,095,000 through August 1, 2016, interest at 2.00-3.00%	2,080,000
\$81,480,000, 2015 School Bonds, due in annual installments of \$2,500,000 to \$5,000,000 through February 1, 2035, interest at 3.00-4.00%	<u>81,040,000</u>
	<u>\$111,360,000</u>
Total	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 3,220,000	\$ 3,791,700	\$ 7,011,700
2017	5,685,000	3,631,065	9,316,065
2018	5,720,000	3,416,386	9,136,386
2019	5,860,000	3,206,424	9,066,424
2020	6,045,000	2,990,161	9,035,161
2021-2025	31,835,000	11,493,912	43,328,912
2026-2030	27,995,000	6,087,225	34,082,225
2031-2035	<u>25,000,000</u>	<u>2,159,375</u>	<u>27,159,375</u>
	<u>\$ 111,360,000</u>	<u>\$ 36,776,248</u>	<u>\$ 148,136,248</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 356,377,811
Less: Net Debt (Including Authorized But Not Issued)	<u>111,360,257</u>
Remaining Borrowing Power	<u>\$ 245,017,554</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2015</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 33,145,000	\$ 81,480,000	\$ (3,265,000)	\$ 111,360,000	\$ 3,220,000
Add:					
Unamortized Premium	<u>1,956,796</u>	<u>-</u>	<u>(262,215)</u>	<u>1,694,581</u>	<u>-</u>
Bonds Payable, Net	35,101,796	81,480,000	(3,527,215)	113,054,581	3,220,000
Capital Leases/Lease Purchase Payable	2,336,274	7,535,000	(770,028)	9,101,246	865,718
Claims and Judgments	946,533	620,139	(465,838)	1,100,834	500,000
Compensated Absences	1,728,271	268,334	(180,495)	1,816,110	200,000
Net Pension Liability	<u>40,050,256</u>	<u>66,613</u>	<u>-</u>	<u>40,116,869</u>	<u>2,109,021</u>
Governmental Activities Long-Term Liabilities	<u>\$ 80,163,130</u>	<u>\$ 89,970,086</u>	<u>\$ (4,943,576)</u>	<u>\$ 165,189,640</u>	<u>\$ 6,894,739</u>
Business-Type Activities:					
Net Pension Liability	<u>\$ 2,451,922</u>	<u>\$ 4,078</u>	<u>\$ -</u>	<u>\$ 2,456,000</u>	<u>\$ 110,000</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 2,451,922</u>	<u>\$ 4,078</u>	<u>\$ -</u>	<u>\$ 2,456,000</u>	<u>\$ 110,000</u>

For the governmental activities, the liabilities for compensated absences, claims and judgments, capital leases/lease purchase agreements and net pension liability are generally liquidated by the general fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2015, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$1,344,700 reported at June 30, 2015 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen’s compensation plan for the fiscal years ended June 30, 2015 and 2014 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Unpaid Claims, Beginning of Year	\$ 1,254,706	\$ 850,720
Incurred Claims	555,832	1,155,064
Claim Payments	<u>(465,838)</u>	<u>(751,078)</u>
Unpaid Claims, End of Year	<u>\$ 1,344,700</u>	<u>\$ 1,254,706</u>
General Fund		
Other Current Liabilities	\$ 243,866	\$ 308,173
Governmental Activities		
Noncurrent Liabilities	<u>1,100,834</u>	<u>946,533</u>
	<u>\$ 1,344,700</u>	<u>\$ 1,254,706</u>

The District is a member of the New Jersey School Board’s Association Insurance Group(NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against various types of claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NJSBAIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance fund are on file with the School’s Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage’s in any of the prior three years.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

Fiscal Year Ended <u>June 30,</u>	Board <u>Contributions</u>	Contributions/ <u>Interest Earnings</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2015		\$ 113,009	\$ 233,996	\$ 1,250,432
2014	\$ 400,000	122,342	257,196	1,371,419
2013	400,000	127,833	246,765	1,106,273

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee’s annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 1,874,537	\$ 2,860,571	\$ 11,706
2014	1,675,625	2,214,913	28,715
2013	1,690,680	3,531,978	14,356

For fiscal years 2014/2015 and 2012/2013, the state contributed \$2,860,571 and \$3,531,978, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$2,214,913 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,770,374 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$42,572,869 of which \$40,116,869 is allocated to the governmental activities and \$2,456,000 is allocated to the business-type activities for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .22739 percent, which was an increase of .00501 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,336,241 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension 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	\$ 1,338,720	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 2,537,112
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>807,380</u>	<u>-</u>
Total	<u>\$ 2,146,100</u>	<u>\$ 2,537,112</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (239,774)
2017	(239,774)
2018	(239,774)
2019	(239,774)
2020	394,504
Thereafter	<u>173,580</u>
	<u>\$ (391,012)</u>

Actuarial Assumptions

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:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

PERS

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 4.29%. The source is 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.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 53,557,946</u>	<u>\$ 42,572,869</u>	<u>\$ 33,348,180</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$15,057,522 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$279,830,750. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

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.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

TPAF

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is 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.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 336,563,636</u>	<u>\$ 279,830,750</u>	<u>\$ 232,645,689</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$4,541,157, \$3,631,624 and \$3,993,775, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 6 RESTATEMENT

On July 1, 2014, the Franklin Township Public Schools implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Franklin Township Public Schools has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$40,050,256 in the governmental activities and \$2,451,922 in the business-type activities. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$50,369,391 as originally reported to \$10,319,135 as adjusted for the effects of the change in accounting principle. The result of this restatement in the Business-Type Activities is to reduce total net position at June 30, 2014 from \$1,109,260 as originally reported to a deficit net position of \$(1,195,069) as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 124,774,680		\$ 124,774,680	\$ 124,774,680	
Interest	20,000		20,000	39,361	\$ 19,361
Interest- Capital Reserve				2,304	2,304
Tuition-Intergovernmental - State				286,427	286,427
Tuition - Other LEAs Within the State	23,500		23,500	53,797	30,297
Tuition - Other Sources	115,000		115,000	-	(115,000)
Transportation Fees	3,915		3,915	14,803	10,888
Rentals			-	10,327	10,327
Miscellaneous	20,000	-	20,000	984,270	964,270
Total - Local Sources	124,957,095	-	124,957,095	126,165,969	1,208,874
State Sources					
Special Education Aid	4,979,869		4,979,869	4,979,869	
Equalization Aid	5,653,674		5,653,674	5,653,674	
Security Aid	1,560,604		1,560,604	1,560,604	
Transportation Aid	797,701		797,701	797,701	
Extraordinary Aid	1,545,987		1,545,987	1,540,037	(5,950)
PARCC Readiness Aid	80,870		80,870	80,870	
Per Pupil Growth Aid	80,870		80,870	80,870	
Additional Nonpublic Transportation Aid				197,987	197,987
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Normal Cost & Accrued Liab.				2,668,579	2,668,579
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Non-Contributory Insurance				191,992	191,992
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Post-Retirement Medical Contributions				4,541,157	4,541,157
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-	3,770,374	3,770,374
Total - State Sources	14,699,575	-	14,699,575	26,063,714	11,364,139
Federal Sources					
Medicaid Reimbursement	111,871	-	111,871	362,288	250,417
ARRA Semi Reimbursement	-	-	-	29,409	29,409
Total-Federal Sources	111,871	-	111,871	391,697	279,826
Total Revenues	139,768,541	-	139,768,541	152,621,380	12,852,839
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	2,139,109	\$ (220,000)	1,919,109	1,793,665	125,444
Grades 1-5	11,668,104	(41,390)	11,626,714	11,626,714	-
Grades 6-8	6,272,446	(20,000)	6,252,446	6,016,278	236,168
Grades 9-12	8,829,782	(25,000)	8,804,782	8,763,126	41,656
Home Instruction					
Salaries of Teachers	65,000	36,425	101,425	101,424	1
Purchased Professional - Educational Services	30,000	20,000	50,000	26,254	23,746
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	20,000	-	20,000	6,555	13,445
Purchased Professional - Educational Services	1,674,472	167,410	1,841,882	1,836,573	5,309
Purchased Technical Services	120,967	27,000	147,967	144,368	3,599
Other Purchased Services	1,895,408	158,650	2,054,058	2,053,979	79
General Supplies	1,090,475	(36,424)	1,054,051	1,038,959	15,092
Textbooks	229,293	(88,505)	140,788	130,855	9,933
Other Objects	47,432	(2,817)	44,615	22,589	22,026
Total Regular Programs	34,082,488	(24,651)	34,057,837	33,561,339	496,498
Special Education					
Cognitive-Moderate					
Salaries of Teachers	106,180	51,155	157,335	157,335	-
Other Salaries of Instruction	31,275	900	32,175	32,040	135
General Supplies	-	968	968	968	-
Total Cognitive-Moderate	137,455	53,023	190,478	190,343	135

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 1,398,024	\$ (52,415)	\$ 1,345,609	\$ 1,345,607	\$ 2
Other Salaries for Instruction	496,244	60,050	556,294	531,865	24,429
Purchased Professional - Educational Services	74,221	-	74,221	48,748	25,473
Other Purchased Services	-	-	-	-	-
General Supplies	20,850	5,950	26,800	26,578	222
Total Learning and/or Language Disabilities	1,989,339	13,585	2,002,924	1,952,798	50,126
Resource Room/Resource Center					
Salaries of Teachers	5,726,916	(123,850)	5,603,066	5,572,943	30,123
Other Salaries for Instruction	1,100,131	(467,610)	632,521	622,905	9,616
Purchased Professional - Educational Services	193,435	-	193,435	162,243	31,192
General Supplies	13,400	9,532	22,932	18,588	4,344
Textbooks	-	-	-	-	-
Total Resource Room/Resource Center	7,033,882	(581,928)	6,451,954	6,376,679	75,275
Autism					
Salaries of Teachers	367,755	-	367,755	361,808	5,947
Other Salaries for Instruction	94,100	291,152	385,252	385,251	1
Purchased Professional - Educational Services	13,269	-	13,269	5,252	8,017
Other Purchased Services	-	-	-	-	-
General Supplies	5,000	5,000	10,000	9,886	114
Total Autism	480,124	296,152	776,276	762,197	14,079
Preschool Disabilities - Part-Time					
Salaries of Teachers	514,029	(184,242)	329,787	327,725	2,062
Other Salaries for Instruction	217,235	(8,875)	208,360	196,458	11,902
Purchased Professional - Educational Services	30,356	(10,000)	20,356	2,160	18,196
General Supplies	10,000	-	10,000	6,588	3,412
Total Preschool Disabilities - Part-Time	771,620	(203,117)	568,503	532,931	35,572
Preschool Disabilities - Full-Time					
Salaries of Teachers	-	115,290	115,290	115,290	-
Other Salaries for Instruction	-	34,025	34,025	34,025	-
Purchased Professional - Educational Services	-	4,500	4,500	4,307	193
Total Preschool Disabilities - Full-Time	-	153,815	153,815	153,622	193
Home Instruction					
Salaries of Teachers	40,000	14,436	54,436	54,436	-
Purchased Professional-Educational Services	45,000	51,933	96,933	56,058	40,875
Total Home Instruction	85,000	66,369	151,369	110,494	40,875
Total Special Education	10,497,420	(202,101)	10,295,319	10,079,064	216,255
Basic Skills/Remedial - Instruction					
Salaries of Teachers	2,254,350	-	2,254,350	1,701,626	552,724
Purchased Professional-Educational Services	-	79,000	79,000	77,038	1,962
General Supplies	12,496	-	12,496	12,202	294
Other Objects	720	-	720	162	558
Total Basic Skills/Remedial - Instruction	2,267,566	79,000	2,346,566	1,791,028	555,538
Bilingual Education - Instruction					
Salaries of Teachers	1,599,693	-	1,599,693	1,574,342	25,351
Other Salaries for Instruction	31,275	-	31,275	31,275	-
Purchased Professional - Educational Services	87,710	(27,000)	60,710	58,023	2,687
General Supplies	46,300	-	46,300	20,662	25,638
Total Bilingual Education - Instruction	1,764,978	(27,000)	1,737,978	1,684,302	53,676
School Sponsored Co/Extra Curricular Activities					
Salaries	383,072	-	383,072	349,350	33,722
Purchased Services	13,450	2,538	15,988	9,400	6,588
Supplies and Materials	26,164	(5,559)	20,605	16,327	4,278
Other Objects	50,093	11,707	61,800	56,479	5,321
Total School Sponsored Co/Extra Curricular Activities	472,779	8,686	481,465	431,556	49,909

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 712,202	\$ (188)	\$ 712,014	\$ 689,194	\$ 22,820
Purchased Services	42,050	(700)	41,350	38,531	2,819
Supplies and Materials	84,024	22,582	106,606	104,943	1,663
Other Objects	110,992	(5,438)	105,554	84,500	21,054
Total School Sponsored Athletics	949,268	16,256	965,524	917,168	48,356
Alternative Education Programs- Instruction					
Salaries of Teachers	277,318	(16,102)	261,216	214,483	46,733
Other Salaries for Instruction	15,000	1,272	16,272	16,272	-
Purchased Professional and Technical Services	4,000	2,000	6,000	4,500	1,500
General Supplies	5,000	-	5,000	4,728	272
Textbooks	1,500	(1,500)	-	-	-
Other Objects	2,500	3,800	6,300	6,026	274
Total Alternative Education Programs- Instruction	305,318	(10,530)	294,788	246,009	48,779
Alternative Education Programs- Support Services					
Salaries	140,787	13,030	153,817	153,817	-
Purchased Professional and Technical Services	-	200	200	200	-
Other Purchased Services	98,294	(700)	97,594	1,807	95,787
Total Alternative Education Programs- Support Services	239,081	12,530	251,611	155,824	95,787
Total - Instruction	50,578,898	(147,810)	50,431,088	48,866,290	1,564,798
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	466,763	249,000	715,763	374,632	341,131
Tuition to Other LEAs Within State-Special	3,364,867	(1,048,310)	2,316,557	2,145,309	171,248
Tuition to County Vocational School Districts-Reg.	196,400	(70,000)	126,400	121,850	4,550
Tuition to County Vocational School Districts-Spec.	49,800	(16,000)	33,800	33,800	-
Tuition to County Spec. Svcs. Districts & Reg. Day	300,700	261,152	561,852	387,101	174,751
Tuition to Private Schools for the Disabled W/in State	7,515,527	327,667	7,843,194	7,465,805	377,389
Tuition - State Facilities	210,905	-	210,905	210,905	-
Tuition-Other	485,700	859,791	1,345,491	1,295,131	50,360
Total Undistributed Expenditures - Instruction	12,590,662	563,300	13,153,962	12,034,533	1,119,429
Attendance and Social Work Services					
Salaries	78,664	-	78,664	75,572	3,092
Other Purchased Services	200	-	200	-	200
Supplies and Materials	57	-	57	-	57
Other Objects	-	-	-	-	-
Total Attendance and Social Work Services	78,921	-	78,921	75,572	3,349
Health Services					
Salaries	1,144,507	-	1,144,507	1,117,903	26,604
Purchased Professional and Technical Svcs.	4,278	-	4,278	3,426	852
Other Purchased Services	-	1,000	1,000	810	190
Supplies and Materials	15,950	1,065	17,015	16,045	970
Total Health Services	1,164,735	2,065	1,166,800	1,138,184	28,616
Speech, OT, PT & Related Services					
Salaries	1,091,277	-	1,091,277	1,053,622	37,655
Purchased Professional- Educational Services	1,056,250	125,000	1,181,250	1,058,910	122,340
Supplies and Materials	7,500	-	7,500	7,340	160
Total Speech, OT, PT & Related Services	2,155,027	125,000	2,280,027	2,119,872	160,155
Other Support Services- Students Extra Service					
Salaries	965,335	(360,240)	605,095	511,769	93,326
Purchased Professional Ed. Services	1,023,300	(173,362)	849,938	851,998	(2,060)
Total Other Support Services- Students Extra Service	1,988,635	(533,602)	1,455,033	1,363,767	91,266

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 1,908,541	\$ (1,100)	\$ 1,907,441	\$ 1,798,945	\$ 108,496
Salaries of Secretarial and Clerical Assistants	176,600	26,100	202,700	202,664	36
Purchased Professional and Ed. Svcs.	136,515	(79,252)	57,263	15,945	41,318
Other Purchased Services	1,620	-	1,620	476	1,144
Supplies and Materials	78,701	(657)	78,044	48,176	29,868
Other Objects	49,693	1,615	51,308	27,584	23,724
Total Guidance	2,351,670	(53,294)	2,298,376	2,093,790	204,586
Child Study Teams					
Salaries of Other Professional Staff	2,712,792	-	2,712,792	2,544,697	168,095
Salaries of Secretarial and Clerical Assistants	422,788	(85,000)	337,788	337,726	62
Other Salaries	9,000	-	9,000	-	9,000
Purchased Professional-Educational Services	48,000	-	48,000	46,387	1,613
Purchased Professional & Technical Svcs.	9,824	-	9,824	9,824	-
Other Purchased Services	12,000	(12,000)	-	-	-
Residential Costs	67,000	1,875	68,875	68,875	-
Miscellaneous Purchased Services	-	11,830	11,830	6,787	5,043
Supplies and Materials	18,000	13,500	31,500	31,064	436
Other Objects	400	200	600	600	-
Total Child Study Teams	3,299,804	(69,595)	3,230,209	3,045,960	184,249
Impvt. of Instruction Services-Other Support Services					
Salaries of Supervisors of Instruction	1,268,449	(5,500)	1,262,949	1,030,073	232,876
Salaries of Other Professional Staff	136,624	-	136,624	94,783	41,841
Salaries of Sec. and Clerical Assist.	203,047	-	203,047	202,263	784
Other Salaries	56,000	1,500	57,500	57,344	156
Salaries of Facilitators, Math & Literacy Coaches	1,208,040	(1,500)	1,206,540	1,158,549	47,991
Purchased Professional-Educational Services	19,250	-	19,250	19,250	-
Other Purchased Services	21,231	-	21,231	8,776	12,455
Supplies and Materials	10,649	3,694	14,343	13,191	1,152
Other Objects	5,025	-	5,025	3,832	1,193
Total Impvt. of Instruction Svcs./Other Support Svcs.- Instructional Staff	2,928,315	(1,806)	2,926,509	2,588,061	338,448
Educational Media Services/School Library					
Salaries	558,806	(8,500)	550,306	549,901	405
Purchased Professional & Technical Svcs.	-	25,600	25,600	25,576	24
Supplies and Materials	65,311	8,994	74,305	69,534	4,771
Total Educational Media Services/School Library	624,117	26,094	650,211	645,011	5,200
Instructional Staff Training Services					
Salaries Other Professional Staff	35,704	16,300	52,004	51,979	25
Purchased Professional - Educational Services	249,104	(36,434)	212,670	194,537	18,133
Purchased Professional & Technical Svcs.	-	-	-	-	-
Other Purchased Services	52,342	1,417	53,759	25,865	27,894
Supplies and Materials	45,176	(22,679)	22,497	20,137	2,360
Total Instructional Staff Training Services	382,326	(41,396)	340,930	292,518	48,412
Support Svcs. General Administration					
Salaries	659,868	(100,000)	559,868	501,441	58,427
Legal Services	299,600	(2,881)	296,719	214,401	82,318
Audit Fees	56,000	2,881	58,881	58,881	-
Architectural/Engineering Services	10,000	125,916	135,916	53,800	82,116
Other Purchased Professional Svcs.	55,000	21,400	76,400	76,400	-
Purchased Technical Services	115,390	40,000	155,390	150,863	4,527
Communications/Telephone	347,545	(10,000)	337,545	321,999	15,546
BOE Other Purchased Services	6,353	-	6,353	2,460	3,893
Misc. Purchased Services	349,196	(11,000)	338,196	330,524	7,672
General Supplies	17,978	-	17,978	6,584	11,394
BOE In House Training/ Meeting Supplies	5,922	-	5,922	3,238	2,684
Judgments Against the School District	-	48,450	48,450	45,000	3,450
Miscellaneous Expenditures	79,759	(33,636)	46,123	42,725	3,398
BOE Membership Dues and Fees	30,225	(864)	29,361	28,861	500
Total Support Services General Administration	2,032,836	80,266	2,113,102	1,837,177	275,925

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 2,447,184	\$ 36,247	\$ 2,483,431	\$ 2,483,315	\$ 116
Salaries of Other Professional Staff	831,681	46,000	877,681	875,733	1,948
Salaries of Secretarial and Clerical Assistants	1,671,358	-	1,671,358	1,629,266	42,092
Other Salaries	17,500	6,005	23,505	23,504	1
Purchased Professional and Technical Services	16,313	(368)	15,945	8,933	7,012
Other Purchased Services	33,301	(731)	32,570	28,749	3,821
Supplies and Materials	49,655	(1,796)	47,859	46,481	1,378
Other Objects	33,533	4,711	38,244	29,739	8,505
Total Support Services School Adm.	5,100,525	90,068	5,190,593	5,125,720	64,873
Central Services					
Salaries	1,408,660	(131,897)	1,276,763	1,225,086	51,677
Purchased Professional Services	18,000	10,797	28,797	16,207	12,590
Purchased Technical Services	96,568	(1,000)	95,568	92,269	3,299
Miscellaneous Purchased Services	32,894	38,975	71,869	55,856	16,013
Supplies and Materials	30,989	6,225	37,214	37,213	1
Miscellaneous Expenditures	56,199	(5,000)	51,199	31,810	19,389
Total Central Services	1,643,310	(81,900)	1,561,410	1,458,441	102,969
Admin. Info. Technology					
Salaries	742,081	18,600	760,681	760,469	212
Purchased Technical Services	9,199	101,425	110,624	99,855	10,769
Other Purchased Services	75,266	4,800	80,066	32,582	47,484
Supplies and Materials	1,890	-	1,890	1,575	315
Other Objects	-	-	-	-	-
Total Admin. Info. Technology	828,436	124,825	953,261	894,481	58,780
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	452,908	285,500	738,408	713,453	24,955
General Supplies	253,368	(31,300)	222,068	207,328	14,740
Other Objects	20,280	4,300	24,580	24,555	25
Total Required Maintenance for School Facilities	726,556	258,500	985,056	945,336	39,720
Custodial Services					
Salaries	4,159,944	-	4,159,944	4,061,060	98,884
Salaries of Non-Instructional Aides	441,365	-	441,365	396,008	45,357
Purchased Professional and Technical Services	64,280	-	64,280	62,880	1,400
Cleaning, Repair and Maintenance Services	765,015	(107,000)	658,015	486,323	171,692
Other Purchased Property Services	971,532	5,431	976,963	975,799	1,164
Insurance	310,825	10,823	321,648	321,648	-
General Supplies	212,389	-	212,389	201,751	10,638
Energy (Natural Gas)	670,295	(90,500)	579,795	528,672	51,123
Energy (Electricity)	1,658,050	(26,379)	1,631,671	1,347,158	284,513
Energy (Oil)	10,000	(3,431)	6,569	4,368	2,201
Energy (Gasoline)	30,000	-	30,000	20,213	9,787
Other Objects	7,590	-	7,590	2,246	5,344
Total Custodial Services	9,301,285	(211,056)	9,090,229	8,408,126	682,103
Care & Upkeep of Grounds					
Salaries	502,247	10,000	512,247	511,301	946
Cleaning, Repair and Maintenance Services	64,575	116,915	181,490	181,335	155
General Supplies	62,100	(1,000)	61,100	56,817	4,283
Other Objects	-	1,000	1,000	640	360
Total Care & Upkeep of Grounds	628,922	126,915	755,837	750,093	5,744
Security					
Salaries	1,767,207	(28,100)	1,739,107	1,645,546	93,561
Purchased Professional and Technical Services	6,000	(6,000)	-	-	-
Cleaning, Repair and Maintenance Services	84,200	23,000	107,200	106,572	628
General Supplies	23,656	(7,000)	16,656	9,243	7,413
Other Objects	356,328	-	356,328	341,216	15,112
Total Security	2,237,391	(18,100)	2,219,291	2,102,577	116,714

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 142,100	-	\$ 142,100	\$ 141,752	\$ 348
Salaries for Pupil Transportation (Between Home and School) - Regular	396,791	\$ (22,500)	374,291	362,848	11,443
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	421,504	(20,000)	401,504	399,505	1,999
Management Fee- ESC & CTSA Trans. Program	94,014	54,600	148,614	148,330	284
Other Purchased Prof. and Technical Serv.	483,131	430,740	913,871	913,410	461
Cleaning Repair and Maintenance Svcs.	369,448	(133,187)	236,261	214,615	21,646
Rental Payments- School Buses		11,000	11,000	6,000	5,000
Contracted Services (Between Home and School) - Vendors	7,096,782	(131,500)	6,965,282	6,890,663	74,619
Contracted Services (Other Than Between Home and School) - Vendors	462,851	15,689	478,540	361,401	117,139
Contracted (Between Home & School) Joint Agr.	31,824	-	31,824	4,420	27,404
Contracted Services (Special Ed. Students) Vendors	35,960	20,000	55,960	52,068	3,892
Contracted Services (Special Ed. Students) Joint Agr.	-	-	-	-	-
Contracted Services (Reg. Students)-ESCs & CTSA	481,276	125,500	606,776	604,685	2,091
Contracted Services (Spl. Ed. Students)-ESCs & CTSA	2,611,004	(221,225)	2,389,779	2,389,679	100
Contracted Service- Aid in Lieu Payments-Nonpub	539,240	-	539,240	513,019	26,221
Contracted Service- Aid in Lieu Payments-Charter	26,520	-	26,520	21,216	5,304
Misc. Purchased Svcs. - Transportation	91,510	8,438	99,948	99,011	937
General Supplies	3,444	(1,652)	1,792	1,688	104
Other Objects	4,532	(463)	4,069	4,069	-
Total Student Transportation Svcs.	<u>13,291,931</u>	<u>135,440</u>	<u>13,427,371</u>	<u>13,128,379</u>	<u>298,992</u>
Unallocated Benefits- Employee Benefits					
Group Insurance	1,200	-	1,200	792	408
Social Security Contribution	1,618,999	(178,820)	1,440,179	1,306,859	133,320
Other Retirement Contributions-Regular (DCRP)	20,000	-	20,000	11,706	8,294
Other Retirement Contributions- PERS	2,196,288	(380,938)	1,815,350	1,766,396	48,954
Unemployment Compensation	311,464	(311,000)	464	-	464
Workmen's Compensation	715,810	-	715,810	465,838	249,972
Health Benefits	16,458,013	(387,044)	16,070,969	15,715,208	355,761
Tuition Reimbursement	40,000	68,500	108,500	108,406	94
Other Employee Benefits	212,422	6,500	218,922	215,270	3,652
Total Unallocated Benefits- Employee Benefits	<u>21,574,196</u>	<u>(1,182,802)</u>	<u>20,391,394</u>	<u>19,590,475</u>	<u>800,919</u>
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Normal Cost and Accrued Liability				2,668,579	(2,668,579)
On-behalf TPAF Pension System Contri. (Non-Budgeted)				191,992	(191,992)
Non-Contributory Insurance				4,541,157	(4,541,157)
On-behalf TPAF Pension System Contri. (Non-Budgeted)				3,770,374	(3,770,374)
Post-Retirement Medical Contributions					
On-behalf Reimbursed TPAF Social Security (Non-budgeted)					
Total On-Behalf TPAF Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,172,102</u>	<u>(11,172,102)</u>
Total Undistributed Expenditures	<u>84,929,600</u>	<u>(661,078)</u>	<u>84,268,522</u>	<u>90,810,175</u>	<u>(6,541,653)</u>
Total Current Expenditures	<u>135,508,498</u>	<u>(808,888)</u>	<u>134,699,610</u>	<u>139,676,465</u>	<u>(4,976,855)</u>
CAPITAL OUTLAY					
Equipment					
Special Education - Instruction					
Learning and/or Language Disabilities	8,000	-	8,000	2,425	5,575
Undistributed Expenditures					
Instruction	173,010	372,100	545,110	536,644	8,466
School Administration		3,900	3,900	3,388	512
Care and Upkeep of Grounds	-	68,300	68,300	68,259	41
Non-Instructional Services					
School Buses- Special	-	85,754	85,754	85,754	-
Total Equipment	<u>181,010</u>	<u>530,054</u>	<u>711,064</u>	<u>696,470</u>	<u>14,594</u>
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	166,967	-	166,967	166,967	-
Total Facilities Acquisition and Construction Services	<u>166,967</u>	<u>-</u>	<u>166,967</u>	<u>166,967</u>	<u>-</u>
Increase in Capital Reserve	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Capital Outlay	<u>348,977</u>	<u>530,054</u>	<u>879,031</u>	<u>863,437</u>	<u>15,594</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	\$ 5,911,066	\$ 81,820	\$ 5,992,886	\$ 5,679,293	\$ 313,593
Total Transfer of Funds to Charter Schools	<u>5,911,066</u>	<u>81,820</u>	<u>5,992,886</u>	<u>5,679,293</u>	<u>313,593</u>
Total Expenditures	<u>141,768,541</u>	<u>(197,014)</u>	<u>141,571,527</u>	<u>146,219,195</u>	<u>(4,647,668)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,000,000)</u>	<u>197,014</u>	<u>(1,802,986)</u>	<u>6,402,185</u>	<u>8,205,171</u>
OTHER FINANCING SOURCES/(USES)					
Transfer to Capital Projects Fund (Capital Reserve)				(4,077,285)	(4,077,285)
Transfer To Special Revenue Fund	-	(233,728)	(233,728)	(233,728)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(233,728)</u>	<u>(233,728)</u>	<u>(4,311,013)</u>	<u>(4,077,285)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(2,000,000)</u>	<u>(36,714)</u>	<u>(2,036,714)</u>	<u>2,091,172</u>	<u>4,127,886</u>
Fund Balances, Beginning of Year	<u>9,959,935</u>	<u>-</u>	<u>9,959,935</u>	<u>9,959,935</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 7,959,935</u>	<u>\$ (36,714)</u>	<u>\$ 7,923,221</u>	<u>\$ 12,051,107</u>	<u>\$ 4,127,886</u>
Recapitulation :					
Nonspendable Fund Balance					
Prepaid Item				\$ 35,335	
Restricted					
Capital Reserve				4,797,055	
Excess Surplus (2016/17 Budget)				2,134,772	
Excess Surplus - Designated for Subsequent Year's Expenditures (2015/16 Budget)				909,720	
Assigned					
Designated for Subsequent Year's Expenditures (2015/16 Budget)				1,090,280	
Purchases on Order				69,387	
ARRA-SEMI-Designated for Subsequent Year's Expenditures (2016/17 Budget)				29,409	
Unassigned				<u>2,985,149</u>	
				12,051,107	
Reconciliation to Governmental Funds Statements (GAAP):				(1,167,279)	
Final 2014/2015 State Aid Payments Not Recognized on GAAP Basis				<u>(1,540,037)</u>	
2014/2015 Extraordinary Aid Not Recognized on a GAAP Basis				<u>\$ 9,343,791</u>	
Fund Balance (GAAP Basis), End of Year					

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance- Final Budget to Actual
REVENUES					
Intergovernmental					
State	\$ 1,442,430	\$ 68,769	\$ 1,511,199	\$ 1,226,867	\$ (284,332)
Federal	2,926,797	1,243,470	4,170,267	3,376,349	(793,918)
Local Sources					
Miscellaneous	5,000	3,126	8,126	990	(7,136)
Total Revenues	<u>4,374,227</u>	<u>1,315,365</u>	<u>5,689,592</u>	<u>4,604,206</u>	<u>(1,085,386)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	56,840	1,024,476	1,081,316	1,039,303	42,013
Salaries of Other Professional Staff		321,553	321,553	292,580	28,973
Other Salaries for Instruction	-	682,517	682,517	645,111	37,406
Other Salaries		288,101	288,101	282,416	5,685
Purchased Professional/Educational Services	181,365	44,238	225,603	206,019	19,584
Purchased Educational Services- Contracted Pre-K		19,133	19,133		19,133
Other Purchased Services		72,196	72,196	60,696	11,500
General Supplies	-	647,282	647,282	447,144	200,138
Textbooks		89,192	89,192	79,375	9,817
Other Objects	2,120,210	(2,116,954)	3,256	2,321	935
Total Instruction	<u>2,358,415</u>	<u>1,071,734</u>	<u>3,430,149</u>	<u>3,054,965</u>	<u>375,184</u>
Support Services					
Salaries		5,117	5,117		5,117
Salaries of Supervisors of Instruction	-	33,950	33,950	33,950	-
Salaries of Program Directors		292,733	292,733	295,884	(3,151)
Salaries of Other Professional Staff		41,878	41,878	41,878	-
Salaries of Secretarial and Clerical Asst.	-	131,579	131,579	131,557	22
Other Salaries for Instruction		40,000	40,000	23,115	16,885
Other Salaries		15,500	15,500	7,164	8,336
Personal Services-Employee Benefits	-	486,691	486,691	422,570	64,121
Purchased Professional/Educational Services	105,520	420,891	526,411	390,488	135,923
Purchased Professional & Technical Services	-	100,568	100,568	-	100,568
Contracted Services-Transportation	-	271,005	271,005	257,135	13,870
Other Purchased Services		94,248	94,248	52,172	42,076
Supplies and Materials		209,841	209,841	125,619	84,222
Other Objects	1,910,292	(1,905,270)	5,022	1,437	3,585
Total Support Services	<u>2,015,812</u>	<u>238,731</u>	<u>2,254,543</u>	<u>1,782,969</u>	<u>471,574</u>
Facilities Acquisition and Construction					
Noninstructional Equipment	-	4,900	4,900	-	4,900
Total Facilities Acq. & Construction	<u>-</u>	<u>4,900</u>	<u>4,900</u>	<u>-</u>	<u>4,900</u>
Total Expenditures	<u>4,374,227</u>	<u>1,315,365</u>	<u>5,689,592</u>	<u>4,837,934</u>	<u>851,658</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,728)</u>	<u>(233,728)</u>
Other Financing Sources					
Transfer In - General Fund	-	-	-	233,728	233,728
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Fund Balance (Budgetary Basis), End of Year				\$ -	
Final 2014/2015 State Aid Payments Not Recognized on GAAP Basis				(82,338)	
Fund Balance (GAAP Basis), End of Year				<u>\$ (82,338)</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue 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.

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibit C-2)	\$ 152,621,380	\$ 4,604,206
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2013/2014 State Aid)	2,668,365	83,684
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2014/2015 State Aid)	<u>(2,707,316)</u>	<u>(82,338)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 152,582,429</u>	<u>\$ 4,605,552</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	<u>\$ 146,219,195</u>	<u>\$ 4,837,934</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 146,219,195</u>	<u>\$ 4,837,934</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.22739%	.22238%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 42,572,869	\$ 42,502,178
District's Covered-Employee Payroll	\$ 15,250,010	\$ 15,284,217
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	279%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,874,537	\$ 1,675,625
Contributions in Relation to the Contractually Required Contribution	<u>1,874,537</u>	<u>1,675,625</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 15,250,010	\$ 15,284,217
Contributions as a Percentage of Covered-Employee Payroll	12%	11%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**TENAFLY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
Total	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
District's Covered-Employee Payroll	51,889,123	51,771,553
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Changes in Benefit Terms:

None.

Changes of Assumptions

The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	Nonpublic								IDEA Part B- Preschool	Page 2 Totals	Grand Totals
	Nursing	Textbooks	Suppl. Inst.	Compens. Education	Exam. and Class	Corrective Speech	Technology	Home Instruction			
REVENUES											
Intergovernmental											
State	\$ 136,199	\$ 79,375	\$ 25,110	\$ 41,574	\$ 49,533	\$ 23,855	\$ 45,460	\$ 2,383		\$ 823,378	\$ 1,226,867
Federal									\$ 55,415	3,320,934	3,376,349
Local											
Miscellaneous										990	990
Total Revenues	\$ 136,199	\$ 79,375	\$ 25,110	\$ 41,574	\$ 49,533	\$ 23,855	\$ 45,460	\$ 2,383	\$ 55,415	\$ 4,145,302	\$ 4,604,206
EXPENDITURES											
Instruction											
Salaries of Teachers										\$ 1,039,303	\$ 1,039,303
Salaries of Other Professional Staff										292,580	292,580
Other Salaries for Instruction										645,111	645,111
Other Salaries										282,416	282,416
Purchased Prof. and Technical Services										-	-
Purchased Prof- Educational Services			\$ 25,110	\$ 41,574	\$ 49,533	\$ 23,855	45,460	2,383		18,104	206,019
Other Purchased Services										60,696	60,696
General Supplies									\$ 4,491	442,655	447,144
Textbooks		\$ 79,375								-	79,375
Other Objects										2,321	2,321
Total Instruction	-	79,375	25,110	41,574	49,533	23,855	45,460	2,383	4,491	2,783,184	3,054,965
Support Services											
Salaries of Supervisors of Instruction										33,950	33,950
Salaries of Program Directors										295,884	295,884
Salaries of Other Professional Staff									41,878	-	41,878
Salaries of Secretarial and Clerical Asst.										131,557	131,557
Other Salaries for Instruction										23,115	23,115
Other Salaries										7,164	7,164
Personal Services - Employee Benefits									9,046	413,524	422,570
Purchased Prof. and Educational Svcs	\$ 136,199									-	390,488
Purchased Prof. and Technical Svcs										-	-
Contracted Services- Transportation										257,135	257,135
Other Purchased Services										52,172	52,172
Supplies and Materials										125,619	125,619
Other Objects										1,437	1,437
Total Support Services	136,199	-	-	-	-	-	-	-	50,924	1,595,846	1,782,969
Facilities Acquisition and Construction Services											
Noninstructional Equipment											
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	-	-
Total Special Revenue Expenditures	\$ 136,199	\$ 79,375	\$ 25,110	\$ 41,574	\$ 49,533	\$ 23,855	\$ 45,460	\$ 2,383	\$ 55,415	\$ 4,379,030	\$ 4,837,934
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures											
										(233,728)	(233,728)
Other Financing Sources											
Transfer In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,728	\$ 233,728

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

	<u>Donations</u>					<u>Preschool</u>	<u>Page 2</u>
	<u>Local</u>	<u>IDEA</u>	<u>NCLB</u>	<u>NCLB</u>	<u>NCLB</u>	<u>Education</u>	
	<u>Programs</u>	<u>Reg. Prog.</u>	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Aid</u>	<u>Total</u>
REVENUES							
Intergovernmental							
State						\$ 823,378	\$ 823,378
Federal		\$ 2,191,104	\$ 825,851	\$ 162,490	\$ 141,489		3,320,934
Local							
Miscellaneous	\$ 990	-	-	-	-	-	990
Total Revenues	\$ 990	\$ 2,191,104	\$ 825,851	\$ 162,490	\$ 141,489	\$ 823,378	\$ 4,145,302
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ -	\$ 291,110	\$ 256,232	\$ 74,164	\$ -	\$ 417,797	\$ 1,039,303
Salaries of Other Professional Staff			224,584		67,996		292,580
Other Salaries for Instruction		468,669	-	-	-	176,442	645,111
Other Salaries		227,311	-	7,004		48,101	282,416
Purchased Prof. and Technical Services							-
Purchased Prof. and Educational Services		18,104	-				18,104
Other Purchased Professional Services							-
Other Purchased Services			60,696				60,696
General Supplies		\$ 253,902	171,366		20,510	16,875	442,653
Textbooks							-
Other Objects	990	1,331	-	-	-	-	2,321
Total Instruction	990	1,240,427	712,878	81,168	88,506	659,215	2,783,184
Support Services							
Salaries of Supervisors of Instruction		-				33,950	33,950
Salaries of Program Directors		273,439		22,445			295,884
Salaries of Secretarial and Clerical Asst.		124,978				6,579	131,557
Other Salaries for Instruction		23,115					23,115
Other Salaries		2,047	5,117				7,164
Personal Services - Employee Benefits		186,917	72,919	21,403	5,200	127,085	413,524
Purchased Prof. and Educational Svcs		227,980	500	4,809	21,000	-	254,289
Purchased Prof. and Technical Svcs							-
Contracted Services- Transportation		9,488	3,285		14,085	230,277	257,135
Other Purchased Services		5,008	16,620	25,791	4,753		52,172
Supplies and Materials		97,705	13,095	6,874	7,945		125,619
Other Objects	-	-	1,437	-	-	-	1,437
Total Support Services	-	950,677	112,973	81,322	52,983	397,891	1,595,846
Facilities Acquisition and Construction Services							
Noninstructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-
Total Special Revenue Expenditures	\$ 990	\$ 2,191,104	\$ 825,851	\$ 162,490	\$ 141,489	\$ 1,057,106	\$ 4,379,030
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-	(233,728)	(233,728)
Other Financing Sources							
Transfer In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,728	\$ 233,728

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>DISTRICT-WIDE</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 417,797	\$ 417,797	
Other Salaries for Instruction	176,442	176,442	
Other Salaries	48,101	48,101	
General Supplies	16,875	16,875	-
Total Instruction	<u>659,215</u>	<u>659,215</u>	<u>-</u>
Support Services			
Salaries of Program Directors	33,950	33,950	
Salaries of Secretarial and Clerical Asst.	6,579	6,579	
Personal Services - Employee Benefits	127,085	127,085	
Contracted Services- Transportation	230,277	230,277	-
Total Support Services	<u>397,891</u>	<u>397,891</u>	<u>-</u>
Total Expenditures	<u>\$ 1,057,106</u>	<u>\$ 1,057,106</u>	<u>\$ -</u>

SUMMARY OF LOCATION TOTALS

Total 2014-2015 Preschool Education Aid Allocation	\$ 823,378
Add: Budgeted Transfer from General Fund- 2014/2015 Inclusion	233,728
Actual Preschool Education Carryover (June 30, 2014)	-
Total Preschool Education Aid Funds Available for 2014-2015 Budget	<u>1,057,106</u>
Less: 2014-2015 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>1,057,106</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	<u>-</u>
Add: 2014-2015 Unexpended Preschool Education Aid	-
2014-2015 Actual Carryover - Preschool Education Aid	<u>\$ -</u>
2014-2015 Preschool Education Aid Carryover Budgeted in 2015-2016	<u>\$ -</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>PROGRAM: PRESCHOOL HALF-DAY 4 YEAR OLDS</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 417,797	\$ 417,797	
Other Salaries for Instruction	176,442	176,442	
Other Salaries	48,101	48,101	
General Supplies	16,875	16,875	-
Total Instruction	<u>659,215</u>	<u>659,215</u>	<u>-</u>
Support Services			
Salaries of Program Directors	33,950	33,950	
Salaries of Secretarial and Clerical Asst.	6,579	6,579	
Personal Services - Employee Benefits	127,085	127,085	-
Contracted Services- Transportation	230,277	230,277	-
Total Support Services	<u>397,891</u>	<u>397,891</u>	<u>-</u>
Total Expenditures	<u>\$ 1,057,106</u>	<u>\$ 1,057,106</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Adjustment- SDA Grant</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2015</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Franklin High School- Bleachers & Site work	\$ 1,074,288		\$ 1,023,704		\$ 50,584
Franklin Middle School- Replacement of Boilers	149,868		149,634		234
Acquisition of Temporary Classroom Units (Trailers) - Lease Purchase Agreement	3,850,000		3,666,883		183,117
MacAfee Roof Replacement	678,311	(127)	33,008	\$ 639,397	5,779
Hillcrest Roof	838,080			479,547	358,533
Sampson G. Smith Roof	537,434			384,086	153,348
Franklin Middle School Roof	4,037,337			160,121	3,877,216
Sampson G. Smith HVAC	194,000			38,475	155,525
Franklin Middle School HVAC	773,500				773,500
Energy Savings Incentive Program	7,535,000			1,625,201	5,909,799
Various renovations, alterations and improvements to all district schools- 2014 Referendum	84,897,326	-	-	771,910	84,125,416
	<u>\$ 104,565,144</u>	<u>\$ (127)</u>	<u>\$ 4,873,229</u>	<u>\$ 4,098,737</u>	<u>\$ 95,593,051</u>
Project Balance					\$ 95,593,051
Reserve for Payment of Lease Purchase					767
Authorized But Not Issued					(257)
Unrealized SDA Grant					(5,277,214)
Fund Balance- GAAP Basis					<u>\$ 90,316,347</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted					
Capital Projects					\$ 75,824,000
Debt Service					767
Committed					
Year- End Encumbrances					<u>14,491,580</u>
Total Fund Balance-Restricted for Capital Projects					<u>\$ 90,316,347</u>

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

Revenues and Other Financing Sources**Revenues**

Bond Proceeds	\$ 81,480,000
Premium on Bond Proceeds	979
Interest on Lease Purchase Proceeds	426
Interest on Referendum	11,260
State Sources - SDA Grant	5,720,008

Other Financing Sources

Lease Purchase Proceeds	7,535,000
Transfer from Capital Reserve	<u>4,077,285</u>

Total Revenues and Other Financing Sources	<u>98,824,958</u>
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Expenditures and Other Financing Uses**Expenditures**

Purchased Professional and Technical Services	2,038,772
Construction Services	2,058,965
Transfer to Debt Service Fund	12,239
Payment to Lessor	<u>1,000</u>

Total Expenditures and Other Financing Uses	<u>4,110,976</u>
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Excess of Revenues Over Expenditures	94,713,982
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Fund Balance - Beginning of Year	<u>879,579</u>
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Fund Balance - End of Year	<u>\$ 95,593,561</u>
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Reconciliation to GAAP

Unearned Revenue - SDA Grant	<u>\$ (5,277,214)</u>
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Fund Balance- End of Year GAAP Basis	<u>\$ 90,316,347</u>
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Analysis of Balance

Restricted for Capital Projects	\$ 75,824,000
Restricted for Debt Service	767
Committed- Year End Encumbrances	<u>14,491,580</u>

	<u>\$ 90,316,347</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN HIGH SCHOOL-BLEACHERS AND SITE WORK
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	1,074,288	\$ -	1,074,288	1,074,288
Total Revenues	<u>1,074,288</u>	<u>-</u>	<u>1,074,288</u>	<u>1,074,288</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	70,788	\$ -	70,788	70,788
Construction Services	952,916	-	952,916	1,003,500
Total Expenditures and other Financing Sources	<u>1,023,704</u>	<u>-</u>	<u>1,023,704</u>	<u>1,074,288</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 50,584</u>	<u>\$ -</u>	<u>\$ 50,584</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,074,288
Revised Authorized Cost	\$ 1,074,288

Percentage Completion	95%
Original Target Completion Date	2014/2015
Revised Target Completion Date	2014/2015

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN MIDDLE SCHOOL-REPLACEMENT OF BOILERS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	149,868	\$ -	149,868	149,868
Total Revenues	<u>149,868</u>	<u>-</u>	<u>149,868</u>	<u>149,868</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	9,790	\$ -	9,790	10,024
Construction Services	139,844	-	139,844	139,844
Total Expenditures and other Financing Sources	<u>149,634</u>	<u>-</u>	<u>149,634</u>	<u>149,868</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 234</u>	<u>\$ -</u>	<u>\$ 234</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 149,868
Revised Authorized Cost	\$ 149,868
Percentage Completion	100.0%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ACQUISITION OF TEMPORARY CLASSROOM UNITS-LEASE PURCHASE AGREEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Lease Purchase Proceeds	3,850,000	\$ -	3,850,000	3,850,000
Total Revenues	3,850,000	-	3,850,000	3,850,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	282,831	\$ -	282,831	281,831
Equipment	3,382,717	-	3,382,717	3,566,834
Supplies	1,335	-	1,335	1,335
Total Expenditures and other Financing Sources	3,665,548	-	3,666,883	3,850,000
Excess (deficiency) of Revenues over (under) Expenditures	\$ 184,452	\$ -	\$ 183,117	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	\$ 3,850,000
Original Authorized Cost	\$ 3,850,000
Revised Authorized Cost	\$ 3,850,000
Percentage Completion	95%
Original Target Completion Date	2014/2015
Revised Target Completion Date	2015/2015

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
MAC AFEE ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 271,324	\$ (127)	\$ 271,197	\$ 271,324
Transfer from Capital Reserve	406,987	-	406,987	406,987
	<u>678,311</u>	<u>(127)</u>	<u>678,184</u>	<u>678,311</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	33,008	\$ 11,154	44,162	49,600
Construction Services	-	628,243	628,243	628,711
	<u>33,008</u>	<u>639,397</u>	<u>672,405</u>	<u>678,311</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 645,303</u>	<u>\$ (639,524)</u>	<u>\$ 5,779</u>	<u>\$ -</u>

Additional Project Information:

Project Number	1610-115-13-3001-GO4FEC
Grant Number	G5-5799
Grant Date	1/6/2015
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,228,107
Revised Authorized Cost	\$ 678,311

Percentage Completion	99.1%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HILLCREST ROOF
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SDA Grant	\$ -	\$ 231,172	\$ 231,172	\$ 231,172
Transfer from Capital Reserve	-	606,908	606,908	606,908
Total Revenues	-	838,080	838,080	838,080
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	\$ 33,907	33,907	479,547
Construction Services	-	445,640	445,640	358,533
Total Expenditures and other Financing Sources	-	479,547	479,547	838,080
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 358,533	\$ 358,533	\$ -

Additional Project Information:

Project Number	1610-100-13-4002
Grant Number	G5-5797
Grant Date	1/6/2014
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 838,080
Revised Authorized Cost	

Percentage Completion	57%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH ROOF
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SDA Grant		\$ 194,917	\$ 194,917	\$ 194,917
Transfer from Capital Reserve	-	342,517	342,517	440,115
Total Revenues	-	537,434	537,434	635,032
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	\$ 6,257	6,257	6,258
Construction Services	-	377,829	377,829	628,774
Total Expenditures and other Financing Sources	-	384,086	384,086	635,032
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 153,348	\$ 153,348	\$ -

Additional Project Information:

Project Number	1610-150-13-4003
Grant Number	G5-6043
Grant Date	1/6/2014
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 537,434
Revised Authorized Cost	
Percentage Completion	71.5%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN MIDDLE SCHOOL ROOF
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SDA Grant		\$ 1,876,977	1,876,977	1,876,977
Transfer from Capital Reserve	-	2,160,360	2,160,360	2,160,360
Total Revenues	-	4,037,337	4,037,337	4,037,337
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	\$ 160,121	160,121	4,037,337
Equipment	-	-	-	-
Supplies	-	-	-	-
Total Expenditures and other Financing Sources	-	160,121	160,121	4,037,337
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 3,877,216	\$ 3,877,216	\$ -

Additional Project Information:

Project Number	1610-160-13-5004
Grant Number	G5-6094
Grant Date	1/6/2014
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	N/A
Original Authorized Cost	\$ 4,037,337
Revised Authorized Cost	
Percentage Completion	4%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH HVAC UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ -	\$ 194,000	\$ 194,000	\$ 194,000
 Total Revenues	 -	 194,000	 194,000	 194,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	\$ -	-	-
Construction Services	-	38,475	38,475	194,000
 Total Expenditures and other Financing Sources	 -	 38,475	 38,475	 194,000
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ -	 \$ 155,525	 \$ 155,525	 \$ -

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 194,000
Revised Authorized Cost	\$ -

Percentage Completion	19.8%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 BUDGETARY BASIS
 FRANKLIN MIDDLE SCHOOL HVAC UPGRADE
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	-	\$ 773,500	773,500	773,500
Total Revenues	-	773,500	773,500	773,500
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	-	-	773,500
Construction Services	-	-	-	-
Total Expenditures and other Financing Sources	-	-	-	773,500
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 773,500	\$ 773,500	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 773,500
Revised Authorized Cost	
Percentage Completion	0.00%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Lease Purchase Proceeds	\$ -	\$ 7,535,000	\$ 7,535,000	\$ 7,535,000
 Total Revenues	 -	 7,535,000	 7,535,000	 7,535,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	\$ 1,156,963	1,156,963	1,156,963
Construction Services	-	468,238	468,238	6,378,037
 Total Expenditures and other Financing Sources	 -	 1,625,201	 1,625,201	 7,535,000
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ -	 \$ 5,909,799	 \$ 5,909,799	 \$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 7,535,000
Revised Authorized Cost	

Percentage Completion	22%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS RENOVATIONS, ALTERATIONS AND IMPROVEMENTS TO ALL DISTRICT SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds		\$ 81,480,000	\$ 81,480,000	\$ 81,480,000
State Sources- SDA Grant	-	3,417,069	3,417,069	3,417,069
Total Revenues	-	<u>84,897,069</u>	<u>84,897,069</u>	<u>84,897,069</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	\$ 671,370	671,370	84,897,069
Construction Services	-	100,540	100,540	-
Total Expenditures and other Financing Sources	-	<u>771,910</u>	<u>771,910</u>	<u>84,897,069</u>
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	<u>\$ 84,125,159</u>	<u>\$ 84,125,159</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	8,148,000
Original Authorized Cost	\$ 84,897,069
Revised Authorized Cost	
Percentage Completion	0.9%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

<u>Analysis of SDA Grants</u>	<u>DOE Project #</u>	<u>Grant #</u>	<u>Amount</u>
Elizabeth Ave School	1610-070-14-1008	G5-5796	\$ 25,001
Sampson G. Smith School	1610-150-14-1029	G5-6045	263,532
Elizabeth Ave School	1610-070-14-1007	G5-5795	250,000
Pine Grove Manor School	1610-140-14-1017	G5-6356	288,483
Franklin Middle School	1610-160-14-1025	G5-6356	205,000
Sampson G. Smith School	1610-150-14-1022	G5-6355	451,804
Conerly Road School	1610-055-14-1006	G5-6350	470,290
MacAfee School	1610-115-14-1016	G5-6353	287,259
Hillcrest School	1610-100-14-1011	G5-6352	530,761
Sampson G. Smith School	1610-150-14-1021	G5-6044	272,500
Franklin Park School	1610-080-14-1010	G5-6351	52,119
Hillcrest School	1610-100-14-1013	G5-5798	320,320 *
			<u>3,417,069</u>

*Not Executed as of 6/30/15

ENTERPRISE FUNDS

EXHIBIT G-1

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 255,870	\$ 3,239,070	\$ 3,494,940
Cash with Fiscal Agents	<u>-</u>	<u>36,442</u>	<u>36,442</u>
Total Assets	<u>\$ 255,870</u>	<u>\$ 3,275,512</u>	<u>\$ 3,531,382</u>
LIABILITIES			
Accrued Salaries & Wages		\$ 3,235,161	\$ 3,235,161
Payroll Deductions and Withholdings		3,909	3,909
Flexible Spending (Sect. 125) Plan Account		36,442	36,442
Due to Student Groups	<u>\$ 255,870</u>	<u>-</u>	<u>255,870</u>
Total Liabilities	<u>\$ 255,870</u>	<u>\$ 3,275,512</u>	<u>\$ 3,531,382</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2015</u>
ELEMENTARY SCHOOLS				
Franklin Park	\$ 428	\$ 2,644	\$ 2,992	\$ 80
Sampson G. Smith	55,354	105,244	98,880	61,718
MIDDLE SCHOOL	46,789	87,773	92,527	42,035
HIGH SCHOOL	152,592	378,865	397,089	134,368
ATHLETICS	<u>35,456</u>	<u>69,847</u>	<u>87,634</u>	<u>17,669</u>
Total	<u>\$ 290,619</u>	<u>\$ 644,373</u>	<u>\$ 679,122</u>	<u>\$ 255,870</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2015</u>
Payroll Deductions and Withholdings	\$ 23,696	\$ 37,676,288	\$ 37,696,075	\$ 3,909
Flexible Spending (Section 125) Plan Account	10,473	143,110	117,141	36,442
Accrued Salaries and Wages	<u>3,118,600</u>	<u>84,979,095</u>	<u>84,862,534</u>	<u>3,235,161</u>
	<u>\$ 3,152,769</u>	<u>\$ 122,798,493</u>	<u>\$ 122,675,750</u>	<u>\$ 3,275,512</u>

LONG-TERM DEBT

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds	6/29/2006	\$ 10,000,000	8/15/2015-16	\$ 20,000	3.75-4.00%				
			8/15/2017-21	25,000	4.15%				
			8/15/2022	30,000	4.35%				
			8/15/2023	2,310,000	4.375%				
			8/15/2024	2,410,000	4.375%				
			8/15/2025	2,395,000	4.375%				
			8/15/2026	2,375,000	4.375%	\$ 9,705,000		20,000	\$ 9,685,000
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2015	2,145,000	4.000%				
			8/15/2016	2,140,000	5.000%				
			8/15/2017	2,195,000	5.000%				
			8/15/2018	2,240,000	4.250%				
			8/15/2019	2,335,000	5.000%				
			8/15/2020-21	2,340,000	5.000%				
			8/15/2022	1,335,000	5.000%				
			8/15/2022	1,000,000	4.000%				
			8/15/2023	45,000	4.000%	20,265,000		2,150,000	18,115,000
Refunding School Bonds	5/16/2014	\$ 3,220,000	8/1/2015	1,055,000	2.000%				
			8/1/2016	1,025,000	3.000%	3,175,000	-	1,095,000	2,080,000
2015 School Bonds	2/10/2015	\$ 81,480,000	2/1/2017	2,500,000	3.000%				
			2/1/2018	3,500,000	3.000%				
			2/1/2019	3,595,000	3.000%				
			2/1/2020	3,685,000	3.000%				
			2/1/2021	3,775,000	3.000%				
			2/1/2022	3,880,000	3.000%				
			2/1/2023	3,985,000	3.000%				
			2/1/2024	4,105,000	3.000%				
			2/1/2025	4,230,000	3.000%				
			2/1/2026	4,360,000	3.000%				
			2/1/2027	4,500,000	3.000%				
			2/1/2028	4,640,000	3.000%				
			2/1/2029	4,785,000	3.000%				
			2/1/2030	4,940,000	3.000%				
			2/1/2031	5,000,000	3.000%				
			2/1/2032	5,000,000	3.000%				
			2/1/2033	5,000,000	3.125%				
2/1/2034	5,000,000	3.250%							
2/1/2035	5,000,000	4.000%							
						-	\$ 81,480,000	-	81,480,000
						\$ 33,145,000	\$ 81,480,000	\$ 3,265,000	\$ 111,360,000
						Paid by Budget Appropriation		\$ 3,265,000	

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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2015**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Lease Purchase Agreement - Trailers	1.26%	\$ 3,850,000	\$ 2,336,274		\$ 769,028	\$ 1,567,246
Lease Purchase Agreement - ESIP	2.75%	<u>7,534,000</u>	<u>-</u>	<u>\$ 7,535,000</u>	<u>1,000</u>	<u>7,534,000</u>
		<u>\$ 11,384,000</u>	<u>\$ 2,336,274</u>	<u>\$ 7,535,000</u>	<u>\$ 770,028</u>	<u>\$ 9,101,246</u>
					Paid by Budget Appropriation Paid from Escrow Proceeds	\$ 769,028 <u>1,000</u>
					<u>\$ 770,028</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance-Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 4,626,751	-	\$ 4,626,751	\$ 4,626,751	-
Total Revenues	<u>4,626,751</u>	<u>-</u>	<u>4,626,751</u>	<u>4,626,751</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	1,392,125	-	1,392,125	1,392,125	-
Redemption of Principal	3,265,000	-	3,265,000	3,265,000	-
Total Expenditures	<u>4,657,125</u>	<u>-</u>	<u>4,657,125</u>	<u>4,657,125</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(30,374)</u>	<u>-</u>	<u>(30,374)</u>	<u>(30,374)</u>	<u>-</u>
OTHER FINANCING SOURCES					
Transfer In	-	-	-	12,239	\$ 12,239
Net Change in Fund Balances	(30,374)	-	(30,374)	(18,135)	12,239
Fund Balance, Beginning of Year	<u>36,906</u>	<u>-</u>	<u>36,906</u>	<u>36,906</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,532</u>	<u>\$ -</u>	<u>\$ 6,532</u>	<u>\$ 18,771</u>	<u>\$ 12,239</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Available for Debt Service Expenditures				\$ 18,771	
Total Fund Balance - Restricted for Debt Service				<u>\$ 18,771</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year Ended June 30,									
	2006	2007	2008 (Restated)	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 33,813,407	\$ 34,220,564	\$ 33,831,771	\$ 35,149,989	\$ 38,398,886	\$ 41,107,004	\$ 43,142,234	\$ 43,659,102	\$ 45,676,154	\$ 41,256,919
Restricted	987,610	1,083,816	2,200,667	3,152,950	469,197	494,561	2,418,650	2,378,881	4,816,020	14,424,083
Unrestricted	5,014,588	7,053,547	4,289,887	(1,090,978)	(360,174)	(1,300,219)	(531,325)	(489,287)	(40,173,039)	(40,472,737)
Total Governmental Activities Net Position	\$ 39,815,605	\$ 42,357,927	\$ 40,322,325	\$ 37,211,961	\$ 38,507,909	\$ 40,301,346	\$ 45,029,559	\$ 45,548,696	\$ 10,319,135	\$ 15,208,265
Business-Type Activities										
Investment in Capital Assets	\$ 225,138	\$ 190,972	\$ 303,922	\$ 290,405	\$ 290,826	\$ 252,883	\$ 335,719	\$ 369,629	\$ 406,306	\$ 444,798
Restricted										
Unrestricted	1,096,663	1,414,083	1,025,301	1,040,844	1,002,349	1,020,653	1,012,874	739,631	(1,601,375)	(1,234,507)
Total Business-Type Activities Net Position	\$ 1,321,801	\$ 1,605,055	\$ 1,329,223	\$ 1,331,249	\$ 1,293,175	\$ 1,273,536	\$ 1,348,593	\$ 1,109,260	\$ (1,195,069)	\$ (789,709)
District-Wide										
Net Investment in Capital Assets	\$ 34,038,545	\$ 34,411,536	\$ 34,135,693	\$ 35,440,394	\$ 38,689,712	\$ 41,359,887	\$ 43,477,953	\$ 44,028,731	\$ 46,082,460	\$ 41,701,717
Restricted	987,610	1,083,816	2,200,667	3,152,950	469,197	494,561	2,418,650	2,378,881	4,816,020	14,424,083
Unrestricted	6,111,251	8,467,630	5,315,188	(50,134)	642,175	(279,566)	481,549	250,344	(41,774,414)	(41,707,244)
Total District Net Position	\$ 41,137,406	\$ 43,962,982	\$ 41,651,548	\$ 38,543,210	\$ 39,801,084	\$ 41,574,882	\$ 46,378,152	\$ 46,657,956	\$ 9,124,066	\$ 14,418,556

Note 1 - Net position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pension".

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 44,056,060	\$ 48,211,800	\$ 51,609,084	\$ 52,491,925	\$ 51,800,496	\$ 51,187,383	\$ 52,508,130	\$ 57,429,491	\$ 56,162,752	\$ 65,459,896
Special Education	21,426,069	22,909,301	23,840,057	23,607,825	24,657,000	25,441,211	25,023,891	27,728,427	26,765,570	30,420,992
Vocational- Tuition	166,467	203,844	200,478	222,850	283,705	313,672	250,761	194,464	200,630	155,650
Other Instruction	3,376,153	3,509,757	4,639,464	4,956,848	4,973,648	4,702,223	5,248,842	5,412,521	5,728,808	6,549,875
School Sponsored Activities And Athletics	1,193,274	1,592,963	1,539,266	1,603,049	1,635,318	1,552,538	1,754,456	1,771,383	1,792,310	2,231,855
Support Services:										
Student & Instruction Related Services	13,279,448	14,009,604	14,995,363	16,013,316	17,932,549	19,965,665	19,962,740	19,802,557	18,398,799	18,343,728
School Administrative Services	5,048,879	5,746,753	5,827,957	5,788,752	6,107,929	5,950,228	6,372,457	6,913,611	7,080,686	8,091,290
General Administration	2,098,218	2,034,609	2,196,666	2,780,841	1,994,328	2,201,551	2,279,687	2,735,360	2,547,296	2,268,730
Central Services										
Plant Operations And Maintenance	13,701,912	13,808,917	14,765,579	15,505,186	14,671,738	14,312,598	13,224,205	13,992,340	14,556,907	16,484,904
Administrative Information Technology										
Pupil Transportation	10,737,250	11,188,708	11,425,661	12,284,009	12,727,188	12,834,232	13,034,098	13,875,038	14,071,942	14,119,145
Other Support Services	2,335,475	2,548,681	2,784,542	2,850,416	2,991,567	2,636,473	2,737,984	3,008,990	3,203,842	3,302,460
Special Schools										
Interest On Long-Term Debt	2,605,224	2,786,764	2,429,476	1,970,981	2,020,812	1,991,040	1,857,458	1,631,754	1,449,161	-
Total Governmental Activities Expenses	<u>120,024,429</u>	<u>128,551,701</u>	<u>136,253,593</u>	<u>140,075,998</u>	<u>141,796,278</u>	<u>143,088,814</u>	<u>144,254,709</u>	<u>154,495,936</u>	<u>151,958,703</u>	<u>169,816,328</u>
Business-Type Activities:										
Food Service	1,832,267	2,051,028	2,622,446	2,364,073	2,552,877	2,666,604	2,791,092	3,235,950	3,197,377	3,415,527
Child Care	818,950	848,377	1,000,367	1,073,111	1,021,256	958,231	884,280	960,597	827,389	724,928
Other Business-Types	71,346	86,233	84,861	82,599	49,278	-	4,975	-	-	-
Total Business-Type Activities Expense	<u>2,722,563</u>	<u>2,985,638</u>	<u>3,707,674</u>	<u>3,519,783</u>	<u>3,623,411</u>	<u>3,624,835</u>	<u>3,680,347</u>	<u>4,196,547</u>	<u>4,024,766</u>	<u>4,140,455</u>
Total District Expenses	<u>\$ 122,746,992</u>	<u>\$ 131,537,339</u>	<u>\$ 139,961,267</u>	<u>\$ 143,595,781</u>	<u>\$ 145,419,689</u>	<u>\$ 146,713,649</u>	<u>\$ 147,935,056</u>	<u>\$ 158,692,483</u>	<u>\$ 155,983,469</u>	<u>\$ 173,956,783</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)					\$ 73,741	\$ 133,882	\$ 165,595	\$ 197,090	\$ 224,759	\$ 340,224
Pupil Transportation	\$ 45,498	\$ 1,652	\$ 25,336	\$ 6,050	9,476	4,113	4,862	2,210	6,713	10,327
Operations and Maintenance									6,967	14,803
Central And Other Support Services					33,993	13,911				
Operating Grants And Contributions	22,760,777	25,127,791	26,166,713	20,768,547	24,635,038	19,604,323	21,655,220	24,945,853	23,255,831	37,566,708
Capital Grants And Contributions	4,168,794	-	-	477,119	-	238,951	-	-	33,008	681,110
Total Governmental Activities Program Revenues	<u>26,975,069</u>	<u>25,129,443</u>	<u>26,192,049</u>	<u>21,251,716</u>	<u>24,752,248</u>	<u>19,995,180</u>	<u>21,825,677</u>	<u>25,145,153</u>	<u>23,527,278</u>	<u>38,613,172</u>

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

	Fiscal Year Ended June 30.									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:										
Charges For Services										
Food Service	\$ 1,309,147	\$ 1,281,876	\$ 1,273,416	\$ 1,276,337	\$ 1,196,709	\$ 1,217,436	\$ 1,209,131	\$ 1,335,967	\$ 1,231,275	\$ 1,345,128
Child Care	802,011	920,820	1,036,865	1,060,079	982,827	891,065	887,099	828,992	779,896	892,225
Other Business-Types	65,090	76,173	76,294	67,941	22,118					
Operating Grants And Contributions	837,237	881,792	1,006,345	1,106,970	1,362,697	1,494,268	1,663,011	1,790,184	2,159,203	2,306,793
Capital Grants And Contributions	-	-	-	-	16,882	-	-	-	-	-
Total Business Type Activities Program Revenues	3,013,485	3,160,661	3,392,920	3,511,327	3,581,233	3,602,769	3,759,241	3,955,143	4,170,374	4,544,146
Total District Program Revenues	\$ 29,988,554	\$ 28,290,104	\$ 29,584,969	\$ 24,763,043	\$ 28,333,481	\$ 23,597,949	\$ 25,584,918	\$ 29,100,296	\$ 27,697,652	\$ 43,157,318
Net (Expense)/Revenue										
Governmental Activities	\$ (93,049,360)	\$(103,422,258)	\$(110,061,544)	\$(118,824,282)	\$(117,044,030)	\$(123,093,634)	\$(122,429,032)	\$(129,350,783)	\$(128,431,425)	\$(131,203,156)
Business-Type Activities	290,922	175,023	(314,754)	(8,456)	(42,178)	(22,066)	78,894	(241,404)	145,608	403,691
Total District-Wide Net Expense	\$ (92,758,438)	\$(103,247,235)	\$(110,376,298)	\$(118,832,738)	\$(117,086,208)	\$(123,115,700)	\$(122,350,138)	\$(129,592,187)	\$(128,285,817)	\$(130,799,465)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 90,990,075	\$ 96,893,929	\$ 100,491,900	\$ 103,710,205	\$ 107,858,613	\$ 113,522,271	\$ 116,566,508	\$ 119,844,543	\$ 122,328,118	\$ 124,774,680
Taxes Levied For Debt Service	5,547,740	5,591,169	5,540,618	5,555,972	5,473,040	5,256,152	5,179,875	4,998,351	4,824,932	4,626,751
Federal and State Aid Unrestricted	1,777,588	2,060,619	2,344,227	6,012,350	4,675,225	5,635,918	5,394,973	5,723,451	5,667,033	5,652,255
Investment Earnings	782,265	994,285	826,863	186,141	147,413	104,097	20,304	17,668	21,682	53,351
Miscellaneous Income	763,697	424,578	141,500	249,250	185,687	368,633	742,648	229,302	410,355	985,249
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	99,861,365	105,964,580	109,345,108	115,713,918	118,339,978	124,887,071	127,904,308	130,813,315	133,252,120	136,092,286
Business-Type Activities:										
Investment Earnings	21,291	57,134	38,922	10,482	4,104	2,427	2,246	2,071	1,985	1,669
Miscellaneous Income	9,218	51,097	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	30,509	108,231	38,922	10,482	4,104	2,427	2,246	2,071	1,985	1,669
Total District-Wide	\$ 99,891,874	\$ 106,072,811	\$ 109,384,030	\$ 115,724,400	\$ 118,344,082	\$ 124,889,498	\$ 127,906,554	\$ 130,815,386	\$ 133,254,105	\$ 136,093,955
Change in Net Position										
Governmental Activities	\$ 6,812,005	\$ 2,542,322	\$ (716,436)	\$ (3,110,364)	\$ 1,295,948	\$ 1,793,437	\$ 5,475,276	\$ 1,462,532	\$ 4,820,695	\$ 4,889,130
Business-Type Activities	321,431	283,254	(275,832)	2,026	(38,074)	(19,639)	81,140	(239,333)	147,593	405,360
Total District	\$ 7,133,436	\$ 2,825,576	\$ (992,268)	\$ (3,108,338)	\$ 1,257,874	\$ 1,773,798	\$ 5,556,416	\$ 1,223,199	\$ 4,968,288	\$ 5,294,490

Source: School District's financial statements

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Fiscal Year Ended June 30,</u>		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
					<u>2010</u>	<u>2011</u>				
General Fund										
Reserved	\$ 8,492,746	\$ 7,833,845	\$ 6,608,583	\$ 3,733,172	\$ 546,341					
Unreserved	1,757,637	4,209,850	3,593,878	1,797,093	2,260,009					
Nonspendable						\$ 51,745	\$ 47,811	\$ 98,510	\$ 5,500	\$ 35,335
Restricted						469,450	2,408,526	1,484,755	5,047,571	7,841,547
Committed						95,106				
Assigned						2,178,215	2,055,391	2,200,295	2,036,714	1,189,076
Unassigned	-	-	-	-	-	(161,953)	537,201	178,520	201,785	277,833
Total General Fund	<u>\$ 10,250,383</u>	<u>\$ 12,043,695</u>	<u>\$ 10,202,461</u>	<u>\$ 5,530,265</u>	<u>\$ 2,806,350</u>	<u>\$ 2,632,563</u>	<u>\$ 5,048,929</u>	<u>\$ 3,962,080</u>	<u>\$ 7,291,570</u>	<u>\$ 9,343,791</u>
All Other Governmental Funds										
Reserved	\$ 997,963	\$ 78,637	\$ 595,484	\$ 218,637	\$ 1,096,972					
Unreserved	(447,245)	(645,793)	(1,091,062)	(268,312)	(260,118)					
Restricted						\$ 25,111	\$ 10,124	\$ 2,316,066	\$ 678,169	\$ 90,335,118
Unassigned	-	-	-	-	-	-	(119,872)	(42,798)	(83,684)	(82,338)
Total All Other Governmental Funds	<u>\$ 550,718</u>	<u>\$ (567,156)</u>	<u>\$ (495,578)</u>	<u>\$ (49,675)</u>	<u>\$ 836,854</u>	<u>\$ 25,111</u>	<u>\$ (109,748)</u>	<u>\$ 2,273,268</u>	<u>\$ 594,485</u>	<u>\$ 90,252,780</u>

Source: School District's financial statements

Beginning with Fiscal Year 2012, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property Tax Levy	\$ 96,537,815	\$102,485,098	\$ 106,032,518	\$ 109,266,177	\$ 113,331,653	\$ 118,778,423	\$121,746,383	\$ 124,842,894	\$ 127,153,050	\$ 129,401,431
Interest Earnings	782,265	994,285	826,863	186,141	147,413	104,097	20,304	17,668	21,682	53,351
Miscellaneous	826,641	456,033	186,136	278,290	346,113	559,070	941,205	514,069	656,704	1,351,593
State Sources	24,956,708	23,870,556	25,623,391	24,303,925	24,641,410	20,636,160	24,265,977	27,154,099	25,646,793	27,934,086
Federal Sources	3,753,005	3,288,053	2,868,249	2,931,101	4,625,637	4,804,501	2,756,116	3,429,738	3,301,169	3,768,046
Total Revenue	126,836,434	131,094,025	135,537,157	136,965,634	143,092,226	144,882,251	149,729,985	155,958,468	156,779,398	162,508,507
Expenditures										
Instruction										
Regular Instruction	42,476,656	46,841,568	50,070,926	50,682,415	50,479,575	49,798,775	51,260,986	56,143,236	54,732,571	56,656,766
Special Education Instruction	21,005,099	22,500,290	23,427,431	22,986,773	24,208,814	25,009,408	23,478,244	27,328,262	26,318,104	27,444,933
Vocational Education- Tuition	166,467	203,844	200,478	222,850	276,847	290,720	250,761	192,500	200,630	155,650
Other Instruction	3,229,615	3,513,819	4,454,173	4,724,311	4,780,010	4,722,248	5,267,425	5,416,071	5,710,428	5,615,190
School Sponsored Activities and Athletics	1,192,903	1,418,730	1,540,371	1,598,045	1,633,437	1,552,815	1,759,726	1,771,816	1,787,615	1,780,494
Adult/Continuing Education	145,281	175,878	188,777	214,703	190,908					
Support Services:										
Student and Inst. Related Services	13,067,532	13,828,828	14,809,948	15,888,318	17,881,242	19,912,229	21,105,381	19,779,023	18,318,408	17,830,765
General Administration	2,097,887	2,035,705	5,720,479	5,660,521	6,053,385	5,858,446	6,321,732	6,857,877	7,000,686	7,306,968
School Administrative Services	4,961,893	5,641,422	2,197,464	2,666,626	1,909,371	2,114,949	2,251,227	2,594,094	2,486,621	2,197,604
Plant Operations And Maintenance	13,394,108	13,311,401	14,264,885	15,104,864	14,325,775	13,943,526	12,957,922	13,672,081	14,210,136	16,007,608
Pupil Transportation	10,623,961	11,106,169	11,342,666	12,141,341	12,594,331	12,702,501	12,750,025	13,274,603	13,463,141	13,477,190
Other Support Services	2,322,839	2,523,886	2,758,851	2,839,693	2,992,863	2,624,129	2,639,022	2,894,371	3,079,272	3,127,798
Employee Benefits										
Special Schools										
Capital Outlay	13,996,797	1,518,424	759,746	893,809	2,201,438	2,011,559	2,226,152	2,796,427	2,213,056	2,755,435
Debt Service:										
Principal	2,870,000	3,199,000	3,195,000	3,310,000	3,715,000	3,365,000	3,350,000	4,049,267	4,074,459	4,035,028
Interest and Other Charges	3,320,753	2,599,623	2,375,618	2,257,658	1,686,716	1,962,476	1,829,875	1,826,494	1,533,564	1,421,562
Total Expenditures	134,871,791	130,418,587	137,306,813	141,191,927	144,929,712	145,868,781	147,448,478	158,596,122	155,128,691	159,812,991
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(8,035,357)	675,438	(1,769,656)	(4,226,293)	(1,837,486)	(986,530)	2,281,507	(2,637,654)	1,650,707	2,695,516
Other Financing Sources (Uses)										
Refunding Bonds Issued	10,000,000			24,970,000				3,220,000	-	-
Payment to Refunded Bond Escrow Agent	(9,483,000)			(25,265,000)				(3,258,625)	-	-
Original Issue Premium	95,730			2,893,497				122,446	-	-
Refunding Bond Issuance Costs				(211,126)						
Advance Refunding Escrow				(2,387,371)						
capital Leases (non-budgeted)	266,688									
Bond Proceeds										81,480,000.00
Lease Purchase Proceeds								3,850,000	-	7,535,000.00
Transfers In	2,978,449	42,582	614,089	173,107	2,684,056		536,238	1,344,066	409,041	4,323,252
Transfers Out	(2,978,449)	(42,582)	(614,089)	(173,107)	(2,684,056)	-	(536,238)	(1,344,066)	(409,041)	(4,323,252)
Total Other Financing Sources (Uses)	879,418	-	-	-	-	-	-	3,933,821	-	89,015,000
Net Change in Fund Balances	\$ (7,155,939)	\$ 675,438	\$ (1,769,656)	\$ (4,226,293)	\$ (1,837,486)	\$ (986,530)	\$ 2,281,507	\$ 1,296,167	\$ 1,650,707	\$ 91,710,516
Debt Service as a Percentage of										
Noncapital Expenditures	5.12%	4.50%	4.08%	3.97%	3.78%	3.70%	3.57%	3.77%	3.67%	3.47%

* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 692,048	\$ 763,697	\$ 1,455,745
2007	951,703	181,948	1,133,651
2008	825,426	166,836	992,262
2009	186,127	255,300	441,427
2010	147,413	302,896	450,309
2011	104,097	520,540	624,637
2012	20,304	902,981	923,285
2013	17,410	428,602	446,012
2014	21,599	410,790	432,389
2015	41,665	1,349,624	1,391,289

Source: District Records

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2006	\$ 121,595,650	\$6,476,795,790	\$ 61,905,700	\$ 2,580,100	\$ 951,688,500	\$ 662,197,700	\$ 251,172,400	\$ 8,527,935,840	\$ 12,842,526	\$ 8,540,778,366	\$ 8,540,778,366	\$ 1.166
2007	138,567,850	6,629,723,030	61,565,800	2,638,900	991,258,400	667,004,600	266,447,700	8,757,206,280	13,164,292	8,770,370,572	8,770,370,572	1.190
2008	135,587,850	6,724,718,300	60,513,300	2,584,500	985,424,000	662,629,900	275,640,000	8,847,097,850	13,237,840	8,640,599,365	8,640,599,365	1.215
2009	184,284,150	6,367,591,200	54,596,700	2,552,600	1,583,502,300	1,011,952,300	395,120,110	9,599,599,360	15,837,185	9,599,599,350	8,981,779,267	1.158
2010	169,438,250	6,132,246,200	53,574,000	2,591,200	1,519,943,600	956,461,000	369,729,000	9,203,983,250	17,107,016	9,221,090,266	8,807,985,422	1.259
2011	145,990,550	6,140,490,060	53,565,500	2,515,100	1,575,946,400	930,753,500	373,499,000	9,222,760,110	13,553,369	9,236,313,479	9,038,656,371	1.947
2012	135,353,750	6,011,415,000	52,982,700	2,531,400	1,512,771,600	870,587,700	380,959,000	8,966,601,150	13,443,173	8,980,044,323	8,716,929,024	1.373
2013	127,484,650	5,921,770,300	52,241,000	2,451,900	1,480,199,000	865,740,400	403,781,000	8,853,668,250	15,113,394	8,868,784,644	8,939,497,440	1.421
2014	129,253,500	5,983,129,300	53,223,300	2,449,300	1,465,301,800	881,516,000	423,310,000	8,938,183,200	12,878,452	8,951,061,702	8,934,609,316	1.434
2015	114,843,950	6,108,979,900	53,503,200	2,436,200	1,458,437,700	876,347,100	430,110,700	9,044,658,750	13,834,966	9,058,493,716	9,086,544,843	1.455

Source: County Abstract of Ratables

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

<u>Calendar Year</u>	<u>Local School</u>	<u>Municipal Tax</u>	<u>County Tax</u>	<u>Total Tax Levy</u>
2015	\$ 131,771,120	\$ 41,904,020	\$ 31,480,957	\$ 205,156,097
2014	128,277,241	40,774,660	30,571,732	199,623,633
2013	125,997,973	39,480,257	29,671,271	195,149,501
2012	123,294,639	38,261,670	29,745,051	191,301,359
2011	120,262,403	34,291,090	26,892,382	181,445,875
2010	116,055,038	34,947,230	28,443,626	179,445,894
2009	111,298,915	33,989,251	28,307,600	173,595,766
2008	107,649,348	33,195,765	27,353,108	168,198,221
2007	104,258,808	32,411,805	25,979,059	162,649,672
2006	99,511,457	30,685,403	25,843,889	156,040,749

Per \$100 Of Assessed Valuation

2015	1.455	0.462	0.348	2.265
2014	1.434	0.455	0.342	2.231
2013	1.421	0.445	0.335	2.201
2012	1.373	0.426	0.332	2.131
2011	1.302	0.421	0.323	2.046
2010	1.259	0.378	0.31	1.947
2009	1.158	0.353	0.295	1.810
2008	1.215	0.309	0.375	1.900
2007	1.19	0.0371	0.299	1.860
2006	1.166	0.36	0.304	1.830
2005	1.21	0.35	0.37	1.93

Source: Municipal Tax Offices

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

Taxpayer	2015	
	Taxable Assessed Value	% of Total District Net Assessed Value
NJOP Holdings, LLC	\$ 107,900,000	1.172%
Morgan Stanley MGT % Frank Torres	88,100,000	0.957%
SHI International Corp.	58,542,000	0.636%
Levin Properties, LP	58,232,000	0.631%
Corporate Real Est. Holding % C&W Inc.	55,940,000	0.608%
Segal Realty Corp.	50,900,000	0.553%
Green Hill Manor Developers LLC	46,600,000	0.506%
Philips Electronics	41,000,000	0.445%
La Fonge Associates	41,830,000	0.454%
Wood West Realty, LLC	39,500,000	0.429%
	<u>\$ 588,544,000</u>	<u>6.394%</u>

Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value
I & G Garden State, LLC	\$ 103,534,300	1.212%
290 Davidson Avenue	40,599,900	0.475%
200 Franklin Trust	40,000,000	0.468%
Wood Wet Realty, LLC	38,400,000	0.450%
First Industrial L. P.	32,630,000	0.382%
Segal Realty Corp.	32,300,000	0.378%
Corporate Real Estate Holi	31,491,600	0.369%
Cardinal Health	29,504,400	0.345%
PFH Somerset, LLC	28,900,000	0.338%
Weston Canal Associates	27,800,000	0.325%
	<u>\$ 405,160,200</u>	<u>3.53%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 96,537,815	\$ 96,537,815	100.00%	-
2007	102,485,098	102,485,098	100.00%	-
2008	106,032,518	106,032,518	100.00%	-
2009	109,266,177	109,266,177	100.00%	-
2010	113,331,653	113,331,653	100.00%	-
2011	118,778,423	118,778,423	100.00%	-
2012	121,746,383	121,193,063	99.55%	\$ 553,320
2013	124,842,894	124,842,894	100.00%	-
2014	127,153,050	127,153,050	100.00%	-
2015	129,401,431	129,401,431	100.00%	-

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases/Lease Purchase Agreements	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2007	\$ 56,960,000		\$ 99,229			\$ 57,059,229	61,635	\$ 926
2008	53,765,000		16,360			53,781,360	62,124	866
2009	50,160,000					50,160,000	62,903	797
2010	46,445,000					46,445,000	62,421	744
2011	43,080,000					43,080,000	62,577	688
2012	39,730,000					39,730,000	63,485 (E)	626
2013	36,460,000		3,095,733			39,555,733	63,485 (E)	623
2014	33,145,000		2,336,274			35,481,274	65,280	544
2015	111,360,000		9,101,246			120,461,246	65,938	1,827

(E) Estimated

Source: District records

Note:

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2007	\$ 56,960,000		\$ 56,960,000	0.65%	924
2008	53,765,000		53,765,000	0.62%	865
2009	50,160,000		50,160,000	0.52%	797
2010	46,445,000		46,445,000	0.50%	744
2011	43,080,000		43,080,000	0.47%	688
2012	39,730,000		39,730,000	0.44%	626
2013	36,460,000		36,460,000	0.41%	574
2014	33,145,000		33,145,000	0.37%	508
2015	111,360,000		111,360,000	1.23%	1,689

Source: District records

Notes:

- a See Exhibit J-6 for property tax data.
- b See Exhibit J-14 for population data.

Note:

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)

	<u>Debt</u> <u>Outstanding</u>	Estimated Percentage <u>Applicable</u>	Amount Applicable to <u>Government</u>
Overlapping Debt Apportioned to the Municipality:			
Municipal Debt (1)			
Township of Franklin	\$ 62,218,655	100.00%	\$ 62,218,655
County Debt (2)			
Somerset County			27,069,349
Other (3)			
Franklin Township Sewerage Authority	14,107,288	100.00%	<u>14,107,288</u>
Total Overlapping Debt			<u>103,395,292</u>
Direct Debt- Franklin Township Public Schools (as of June 30, 2015)			<u>120,461,246</u>
Total Direct and Overlapping Debt			<u>\$ 223,856,538</u>

Source:

(1) Township's 2014 Annual Debt Statement

(2) The debt for this entity was apportioned to Township by dividing the municipality's 2014 equalized value by the total 2014 equalized value for Somerset County.

(3) Overlapping debt was computed based upon total debt of the Authority

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2014 \$ 9,030,292,231
	2013 8,803,488,366
	2012 8,894,555,252
	<u>\$ 26,728,335,849</u>
The debt applicable to the limit may be offset only by amounts	Average equalized valuation of taxable property \$ 8,909,445,283
	Debt limit (4 % of average equalization value) 356,377,811 ^a
	Total Net Debt Applicable to Limit 111,360,257
	<u>Legal debt margin \$ 245,017,554</u>

Fiscal Year Ended June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 227,769,820	\$ 213,252,862	\$ 268,279,579	\$ 356,883,087	\$ 373,690,715	\$ 380,696,199	\$ 380,821,265	\$ 362,382,359	\$ 362,382,359	\$ 356,377,811
Total Net Debt Applicable to Limit	<u>60,159,638</u>	<u>56,960,638</u>	<u>53,765,000</u>	<u>50,160,000</u>	<u>46,445,638</u>	<u>43,080,638</u>	<u>39,730,638</u>	<u>36,460,000</u>	<u>33,145,000</u>	<u>111,360,257</u>
Legal Debt Margin	<u>\$ 167,610,182</u>	<u>\$ 156,292,224</u>	<u>\$ 214,514,579</u>	<u>\$ 306,723,087</u>	<u>\$ 327,245,077</u>	<u>\$ 337,615,561</u>	<u>\$ 341,090,627</u>	<u>\$ 325,922,359</u>	<u>\$ 329,237,359</u>	<u>\$ 245,017,554</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26.41%	26.71%	20.04%	14.06%	12.43%	11.32%	10.43%	10.06%	9.15%	31.25%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

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

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Somerset County)</u>	<u>Population</u>
2005	4.0%	\$ 60,927	59,413
2006	4.2%	63,758	60,808
2007	3.6%	68,181	61,635
2008	4.9%	71,677	62,124
2009	8.5%	73,011	62,903
2011	8.5%	69,406	62,421
2012	8.0%	69,906	62,577
2013	8.3%	72,704	63,485
2014	7.3%	76,918	65,280
2015	5.7%	77,685	65,938

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

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

<u>Employer</u>	<u>2015</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

<u>0.00%</u>	<u>0.00%</u>
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FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	713	745	741	772	749	697	463	487	491	497
Special Education							296	277	279	281
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	130	131	123	117	109	148	151	142	143	144
General Administration	6	6	6	6	6	8	7	7	6	6
School Administrative Services	55	57	57	57	47	50	49	47	46	46
Other Administrative Services										
Central Services	19	18	18	22	18	17	17	18	19	19
Administrative Information Technology	10	10	10	10	10	10	9	11	11	11
Plant Operations And Maintenance	162	164	144	145	130	123	144	148	147	146
Pupil Transportation	26	23	22	28	28	26	22	24	24	22
Other Support Services					-					
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>1,120</u>	<u>1,154</u>	<u>1,121</u>	<u>1,157</u>	<u>1,097</u>	<u>1,077</u>	<u>1,158</u>	<u>1,161</u>	<u>1,166</u>	<u>1,172</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2006	7,613	\$ 104,688,814	\$ 13,751	-0.63%	712	12.6:1	10.5:1	11.8:1	7,191	6,802	7.28%	94.59%
2007	7,698	115,090,037	14,951	8.72%	674	12.5:1	9.4:1	12.1:1	7,257	6,891	0.92%	94.96%
2008	7,966	130,976,449	16,442	9.97%	699	10.7:1	8.2:1	11.3:1	7,613	7,195	4.91%	94.51%
2009	7,951	134,730,460	16,945	3.06%	699	11.1:1	7.9:1	11.0:1	7,600	7,205	-0.17%	94.80%
2010	8,120	137,326,558	16,912	-0.19%	725	11.6:1	8.0:1	11.7:1	7,747	7,363	1.93%	95.04%
2011	8,172	138,529,746	16,952	0.23%	747	11.6:1	8.0:1	11.06	7,826	7,453	1.02%	95.23%
2012	8,145	140,042,451	17,194	1.43%	641	12.07:01	9.08:01	12.01	7,767	7,420	-0.75%	95.53%
2013	8,281	149,923,934	18,105	5.30%	644	11.1:1	9.6:1	11.8:1	7,640	7,272	-1.64%	95.18%
2014	8,138	147,307,612	18,101	5.28%	653	12.1:2	10.2:1	12.1:1	7,633	7,276	-1.73%	95.32%
2015	7,782	151,600,966	19,481	7.60%	659	11.7:1	10:01	10.8:1	7,494	7,144	-1.91%	95.33%

Sources: District records

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

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

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building											
Elementary											
Conerly Road School (1966, Add 1998)											
Square Feet		46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)		410	410	410	410	410	410	410	410	410	410
Enrollment		420	415	485	481	486	502	480	453	448	435
Elizabeth Ave School (1957, Add 1998, 2004)											
Square Feet	** (4)	48,919	48,919	48,919	48,919	48,919	48,919	48,919	48,919	48,919	48,919
Capacity (students)		513	513	513	513	513	513	513	513	513	513
Enrollment		506	526	529	501	489	614	624	624	653	659
Franklin Park School (1998)											
Square Feet		99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)		773	773	773	773	773	773	773	773	773	773
Enrollment		849	913	996	1,009	1,106	904	877	875	940	890
Franklin Park Annex (1957)											
Square Feet	** (1)	18,247	18,247	18,247	18,247	18,247	23,827	23,827	23,827	23,827	23,827
Capacity (students)		87	87	87	87	87	135	135	135	135	135
Enrollment		116	141	91	115	79	138	139	108	-	-
Hillcrest School (1958)											
Square Feet	** (2)	52,122	52,122	52,122	52,122	52,122	52,122	52,122	52,122	52,122	52,122
Capacity (students)		488	488	488	488	488	488	488	488	488	488
Enrollment		357	395	445	476	483	507	465	440	422	392
MacAfee Road School (1966, Add 2004)											
Square Feet	** (3)	46,449	46,449	46,449	46,449	46,449	46,449	46,449	46,449	46,449	46,449
Capacity (students)		432	432	432	432	432	432	432	432	432	432
Enrollment		432	421	411	446	496	489	492	470	447	429
Pine Grove Manor (1931, Add 2004)											
Square Feet	** (1)	51,212	51,212	51,212	51,212	51,212	51,212	51,212	51,212	51,212	51,212
Capacity (students)		400	400	400	400	400	400	400	400	400	400
Enrollment		381	406	404	457	443	453	439	443	414	396
Sampson G. Smith School (1968)											
Square Feet		134,290	134,290	134,290	134,290	134,290	134,290	134,290	134,290	134,290	134,290
Capacity (students)		1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment		1,085	1,080	1,056	1,044	1,110	1,192	1,164	1,136	1,134	1,086

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
<u>Middle School (2006) /High School (1960-2005)</u>										
Franklin Middle School (1960)										
Square Feet	228,078	228,078	228,078	228,078	228,078	228,078	228,078	222,553	222,553	222,553
Capacity (students)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Enrollment	1,054	1,008	1,038	1,053	1,032	1,044	1,055	1,060	1,092	1,084
<u>High School</u>										
Franklin High School (2005)										
Square Feet	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000
Capacity (students)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Enrollment	1,863	1,946	2,036	2,028	2,017	1,977	2,013	2,036	2,100	2,127

Number of Schools at June 30, 2015
 Elementary = 7
 Middle School = 1
 Senior High School = 1

Source: District Records

**Facility square footage includes trailers at site

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

*School Facilities	Project #	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Franklin Twp. High School	NA	\$ 218,894	\$ 140,200	\$ 194,327	\$ 194,060	\$ 152,585	\$ 123,938	\$ 148,185	\$ 148,648	\$ 140,938	\$ 221,911
Franklin Middle School	NA	98,749	160,637	133,663	195,241	153,891	145,532	140,082	115,695	119,165	93,287
Conerly Road School	NA	24,224	24,046	21,401	33,403	38,333	18,716	15,145	16,368	8,348	30,656
Elizabeth Ave School	NA	30,288	33,181	54,870	31,145	68,865	17,876	50,624	76,991	35,189	38,394
Franklin Park School	NA	63,733	51,686	55,070	66,782	74,180	58,536	90,434	139,129	67,150	70,518
Hillcrest School	NA	58,367	38,562	29,560	108,773	36,424	33,249	89,175	59,052	23,924	36,633
MacAfee Road School	NA	40,712	70,196	76,044	49,928	51,578	24,842	61,531	75,516	31,004	85,723
Pine Grove Manor School	NA	33,559	36,296	78,383	122,141	87,301	36,268	71,241	33,320	64,253	89,832
Sampson G. Smith School	NA	171,176	108,170	106,611	76,522	140,306	130,338	72,249	143,202	136,736	97,752
Total School Facilities		\$ 739,702	\$ 662,974	\$ 749,929	\$ 877,995	\$ 803,463	\$ 589,295	\$ 738,666	\$ 807,921	\$ 626,707	\$ 764,706
Other Facilities											
Kingston School											
Administration Building		\$ 18,303	\$ 15,819	\$ 16,500	\$ 26,441	\$ 20,551	\$ 15,261	\$ 41,640	\$ 21,824	\$ 19,950	\$ 107,302
Maintenance Building		21,636	113,653	21,582	19,266	28,418	34,100	41,740	37,215	54,843	58,019
Transportation Trailer		4,002	1,730	840	2,751	1,412	1,988	4,064	1,718	3,232	15,309
Bunker Hill Environmental Center		5,717	5,080	9,030	2,454	6,033	668	-	-	-	-
Total Other Facilities		\$ 49,658	\$ 136,282	\$ 47,952	\$ 50,912	\$ 56,414	\$ 52,017	\$ 87,444	\$ 60,757	\$ 78,025	\$ 180,630
Grand Total		\$ 789,360	\$ 799,256	\$ 797,881	\$ 928,907	\$ 859,877	\$ 641,312	\$ 826,110	\$ 868,678	\$ 704,732	\$ 945,336

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2015
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
<u>SCHOOL PACKAGE POLICY</u>		
<u>Selective Insurance Company</u>		
Property - Blanket Buildings and Contents	\$230,868,682	\$5,000
Bleachers	\$892,015	\$5,000
Equipment Breakdown	\$500,000	
Business Income- Franklin Middle School and Franklin High School	\$1,000,000	
Business Income	\$500,000	
Extra Expense	\$500,000	
Elitepac Extensions of Coverage-Schools	Included	
Employee Dishonesty	\$100,000	\$500
Theft, Disappearance and Destruction		
Loss of Monies and Securities on and off Premises	\$25,000	\$500
Money Orders and Counterfeit Paper Currency	\$25,000	\$500
Forgery or Alteration	\$100,000	\$500
Computer Fraud	\$100,000	\$500
Inland Marine Floater		
Computer - at insured locations, Transit \$1,020,018, Extra Expense \$500,200	\$10,200,080	\$1,000
Musical Instruments	\$952,526	\$1,000
Band Uniforms	\$111,096	\$1,000
Athletic Equipment	\$329,387	\$1,000
Contractors Equipment	\$135,294	\$1,000
Flood	\$10,000,000	\$25,000
Earthquake	\$10,000,000	\$25,000
Boiler and Machinery - HVAC, Etc.	Included	
Property Damage and		
Business Income/Extra Expense Combined	Included	\$5,000 & 12 hours deduct.
<u>AUTO POLICY</u>		
<u>SAIG Insurance</u>		
Comprehensive Automobile Liability	\$21,000,000	
Auto Physical Damage - Comprehensive:		\$1,000
Coverage (Actual Cash Value)		
Auto Physical Damage - Collision:		\$1,000
Coverage (Actual Cash Value)		
Hired Car Physical Damage	\$ 110,000	\$ 1,000
<u>EDUCATOR'S LEGAL LIABILITY - Errors & Omissions</u>		
Educator's Legal including Employment Practices		
Limits of Liability		
	Coverage A	\$21,000,000 each policy period
	Coverage B	\$100,000/claim
(Defense Only)	Coverage B Aggregate	\$300,000
		\$ 15,000
		\$ 15,000
<u>FLOOD INSURANCE</u>		
Franklin High School	500,000	5,000

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2015
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<u>BONDS</u>		
Selective Insurance		
Public Official		
Assistant Superintendent for Business/Board Secretary	\$150,300	
Arlene Biesiada		
Selective Insurance		
Public Official		
Treasurer of School Monies	\$550,000	
Kim Esterman		
<u>WORKERS COMPENSATION</u>		
Excess Workers' Compensation		
Self Insured Retention		
Each Accident	\$600,000	
Each Employee for Disease	\$600,000	
Specific Limit Each Accident	Statutory	
Policy Part One, Workers' Compensation	\$1,000,000	
Policy Part Two, Employers Liability		
Specific Limit Each Employee for Disease		
Policy Part One, Workers' Compensation	Statutory	
Policy Part Two, Employers Liability	\$1,000,000	
<u>CYBER RISK</u>		
Total Limit of Liability		
Sublimits of Liability:		
Media Content Insurance	\$1,000,000	\$25,000
Security & Privacy Liability	\$1,000,000	\$25,000
with Regulatory Action Sublimit	\$250,000	
Event Management Insurance	\$250,000	\$250,000
Cyber Extortion Insurance	\$1,000,000	\$25,000
Crisis Fund Insurance	\$50,000	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2015
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<u>SCHOOL COMPREHENSIVE GENERAL LIABILITY</u>		
SBAIG Insurance		
Commercial General Liability		
Each Occurrence Limit	\$ 21,000,000	
Personal and Advertising Limit	\$ 21,000,000	
Products/Completed Operations Limit	\$ 21,000,000	
Operations Aggregate, General Aggregate Limits	\$ 21,000,000	
Fire Legal Liability - Any one fire	Included	
Medical Payments per Accident	\$ 10,000	
Medical Payments per Person		
Excluding Medpay Athletics	\$ 5,000	
Employee Benefit Program Limit & Aggregate	\$ 21,000,000	\$ 1,000
Sexual Abuse Limit	\$ 17,000,000	
School Violence Act	\$ 250,000	25,000
Philadelphia		
Environmental		
Per claim	1,000,000	10,000 or 25,000
Annual aggregate	5,000,000	

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated December 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Franklin Township Public Schools' internal 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 Franklin Township Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin Township Public Schools' 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 Franklin Township Public Schools’ 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Franklin Township Public Schools in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 9, 2015.

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 Franklin Township Public Schools’ internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin Township Public Schools’ internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
December 9, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Franklin Township Public Schools’ compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Franklin Township Public Schools’ major federal and state programs for the fiscal year ended June 30, 2015. The Franklin Township Public Schools’ major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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 Franklin Township Public Schools’ 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Franklin Township Public Schools’ compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Franklin Township Public Schools 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 fiscal year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002 and 2015-003. Our opinion on each major federal and state program is not modified with respect to these matters.

The Franklin Township Public Schools' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Franklin Township Public Schools' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Franklin Township Public Schools 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 Franklin Township Public Schools' 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 and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 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 Franklin Township Public Schools' internal control over compliance.

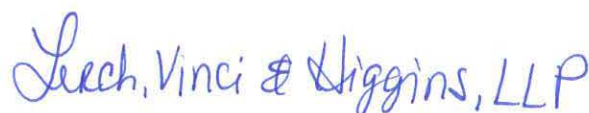
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or 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 U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 9, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
December 9, 2015

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Balance, July 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year's Encum- brances/ Payables	Funds Released			Balance, June 30, 2015			MEMO GAAP Receivable		
									Adjustment Accounts Receivable	Adjustment Unearned Revenue	Adjustment Carryover- Receivables	(Accounts Receivable)	Unearned Revenue	Due To Grantor			
U.S. Department of Health & Human Services- Passed through State Dept. of Education																	
<u>General Fund</u>																	
Medical Assistance Program	93.778	N/A	7/1/14-6/30/15	\$ 391,697	-	-	\$ 331,241	\$ 362,288	-	-	-	-	\$ (31,047)	-	-	\$ (31,047)	
Medical Assistance- ARRA					-	-	29,409	29,409	-	-	-	-	-	-	-	-	
Total General Fund					-	-	360,650	391,697	-	-	-	-	(31,047)	-	-	(31,047)	
U.S. Department of Education Passed- through State Dept. of Education																	
<u>Special Revenue Fund:</u>																	
NCLB Title I A	84.010A	NCLB 1610-14	7/1/13-6/30/14	685,652	(210,458)	\$ (102,847)	210,116	-	\$ 342			\$ 102,847	-	-		\$ -	
NCLB Title I A	84.010A	NCLB 1610-15	7/1/14-6/30/15	817,762	-	102,847	520,337	825,851				(102,847)	(400,272)	\$ 94,758		(305,514)	
NLCB Title IIA	84.367A	NCLB 1610-14	7/1/13-6/30/14	216,703	(54,731)	(124,672)	34,731	-				134,672	-	-		-	
NLCB Title IIA	84.367A	NCLB 1610-15	7/1/14-6/30/15	221,325	-	124,672	79,112	162,490				(124,672)	(266,885)	183,507		(83,378)	
NCLB Title III	84.365A	NCLB 1610-14	7/1/13-6/30/14	104,804	(43,743)	(57,333)	43,743	-				57,333	-	-		-	
NCLB Title III	84.365A	NCLB 1610-15	7/1/14-6/30/15	122,802	-	57,333	85,848	141,489				(57,333)	(94,287)	38,646		(55,641)	
I.D.E.A. Part B, Preschool	84.173	PS-0555-14	9/1/13-8/31/14	60,987	(29,990)	(1,802)	29,990	-				1,802	-	-		-	
I.D.E.A. Part B, Preschool	84.173	PS-0555-15	7/1/14-6/30/15	60,739	-	1,802	29,315	55,415				(1,802)	(33,246)	7,146		(22,977)	
I.D.E.A. Part B, Preschool	84.173	PS-0553-13	9/1/12-8/31/13	66,600	3,125	-	-	-				-	-	3,125		-	
I.D.E.A. Part B, Basic Regular	84.027	FT-0555-14	9/1/13-8/31/14	1,910,259	(626,903)	(671,180)	626,542	2,191,104	361			671,180	-	-		-	
I.D.E.A. Part B, Basic Regular	84.027	FT-0555-15	7/1/14-6/30/15	1,989,785	-	671,180	1,206,530	-				(671,180)	(1,454,435)	469,861		(984,574)	
Total Special Revenue Fund					(962,702)	-	2,886,264	3,376,349	703			-	(2,349,125)	797,041	-	(1,452,084)	
U.S. Department of Agriculture Passed-through State Dept. of Ed.																	
<u>Enterprise Fund:</u>																	
National School Lunch Program	10.555	N/A															
Cash Assistance			7/1/14-6/30/15	1,456,633			1,314,423	1,456,633					(142,210)			(142,210)	
Cash Assistance			7/1/13-6/30/14	1,521,184	(146,126)		146,126						-				
Non-Cash Assistance			7/1/14-6/30/15	237,628			237,628	230,264						17,364			
Non-Cash Assistance			7/1/13-6/30/14	218,674	2,705			2,705					-				
School Breakfast Program			7/1/14-6/30/15	589,217			517,473	589,217					(71,744)			(71,744)	
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	368,658	(42,675)		42,675						-			-	
Total Enterprise Fund					(186,096)	-	2,258,325	2,268,819					(213,954)	17,364	-	(213,954)	
Total Federal Financial Awards					\$ (1,148,798)	\$ -	\$ 5,505,239	\$ 6,036,865	\$ 703	\$ -	\$ -	\$ -	\$ (2,494,126)	\$ 814,405	\$ -	\$ (1,697,085)	

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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Cash Received	Transfer from General Fund	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2015			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 4,979,869		\$ 4,537,945		\$ 4,979,869		\$ (441,924)					\$ 4,979,869
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	4,979,869	(440,673)	440,673				-					
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	5,653,674		5,151,955		5,653,674		(501,719)					5,653,674
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	5,653,674	(500,300)	500,300				-					
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	1,560,604		1,422,112		1,560,604		(138,492)					1,560,604
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	1,560,604	(138,099)	138,099				-					
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	80,870		73,693		80,870		(7,177)					80,870
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	80,870		73,693		80,870		(7,177)					80,870
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	797,701		726,911		797,701		(70,790)					797,701
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	797,701	(70,589)	70,589				-					-
Extraordinary Aid	15-100-037-5120-473	7/1/14-6/30/15	1,540,037				1,540,037		(1,540,037)					1,540,037
Extraordinary Aid	14-100-037-5120-473	7/1/13-6/30/14	1,518,704	(1,518,704)	1,518,704				-					1,518,704
Additional Nonpublic Transportation Aid	N/A	7/1/14-6/30/15	197,987				197,987		(197,987)			\$ (197,987)		197,987
Additional Nonpublic Transportation Aid	N/A	7/1/13-6/30/14	180,152	(180,152)	180,152				-					180,152
On-behalf TPAF Pension System Contr-Normal Cost & Accrued Liab.	15-495-034-5094-006	7/1/14-6/30/15	2,668,579		2,668,579		2,668,579							2,668,579
On-behalf TPAF Pension System Contr-Non-Contributory Ins.	15-495-034-5094-007	7/1/14-6/30/15	191,992		191,992		191,992							191,992
On-behalf TPAF Pension System Contr-Post-Retirement Medical Contributions	15-495-034-5094-001	7/1/14-6/30/15	4,541,157		4,541,157		4,541,157							4,541,157
Reimbursed TPAF Social Security	15-100-034-5094-003	7/1/14-6/30/15	3,770,374		3,586,568		3,770,374		(183,806)				(183,806)	3,770,374
Reimbursed TPAF Social Security	14-100-034-5094-002	7/1/13-6/30/14	3,806,609	(184,557)	184,557				-					-
Total General Fund				(3,033,074)	26,007,679	-	26,063,714	-	(3,089,109)	-	-	(581,793)	-	27,762,570
Special Revenue Fund:														
Preschool Education Aid	15-495-034-5120-086	7/1/14-6/30/15	823,378		741,040	\$ 233,728	1,057,106		(82,338)					1,057,106
Preschool Education Aid	14-495-034-5120-086	7/1/13-6/30/14	836,876	(83,684)	83,684				-					815,424
New Jersey Nonpublic Aid														
Textbook Aid (Ch. 194)	11-100-034-5120-064	7/1/11-6/30/12	80,263	(6,485)					(6,485)		\$ -	(6,483)		86,746
Textbook Aid (Ch. 194)	12-100-034-5120-064	7/1/12-6/30/13	70,730	18,241							18,241			52,489
Textbook Aid (Ch. 194)	14-100-034-5120-064	7/1/13-6/30/14	85,842	-	15,510			15,510						-
Textbook Aid (Ch. 194)	15-100-034-5120-064	7/1/14-6/30/15	89,192		89,192		79,375				9,817			79,375
Technology	15-100-034-5120-373	7/1/14-6/30/15	47,904		47,904		45,460				2,444			45,460
Technology	14-100-034-5120-373	7/1/13-6/30/14	31,300	-	6,631			6,631						-
Auxiliary Services (Chap. 192)														
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	44,790		44,790		41,574				3,216			41,574
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	42,542	85					85					42,457
ESL	15-100-034-5120-067	7/1/14-6/30/15	914		914						914			-
ESL	14-100-034-5120-067	7/1/13-6/30/14	1,222	1,222					1,222					-
Handicapped Services (Ch. 193)														
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	33,742		33,742		25,110				8,632			25,110
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	34,692	1,110				1,110						33,582
Examination & Classification	15-100-074-5120-066	7/1/14-6/30/15	56,929		56,929		49,533				7,396			49,533
Examination & Classification	14-100-074-5120-066	7/1/13-6/30/14	64,030	8,768				8,768						55,262
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	34,457		34,457		23,855				10,602			23,855
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	39,060	10,468				10,468						28,592
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	146,165		146,165		136,199				9,966			136,199
Nursing Services	14-100-034-5120-070	7/1/13-6/30/14	124,139	-	9,260			9,260						114,879
Home Instruction	15-100-034-5120-067	7/1/14-6/30/15	2,383				2,383		(2,383)				(2,383)	2,383
Home Instruction	14-100-034-5120-067	7/1/13-6/30/14	1,257	(1,257)	1,257				-					1,257
PBSIS			2,950		2,950						2,950			-
Total Special Revenue Fund				(51,530)	1,314,425	233,728	1,460,595	53,054	(91,204)	2,950	71,228	(8,866)	-	2,691,283

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Cash Received	Transfer from General Fund	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2015			MEMO	
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures
State Department of Education													
Capital Projects Fund													
School Development Authority	1610-115-13-3001-G04		\$ 271,198	\$ (33,008)	\$ 108,530	-	\$ 238,190	-	\$ (162,668)			\$ (162,668)	\$ 238,190
School Development Authority	1610-100-13-4002-G04		231,172				191,818		(231,172)	\$ 39,354		(231,172)	191,818
School Development Authority	1610-150-13-4005-G04		194,917				153,635		(194,917)	41,282		(194,917)	153,635
School Development Authority	1610-160-13-5004-G04		1,876,977				64,048		(1,876,977)	1,812,929		(1,876,977)	64,048
School Development Authority	1610-055-14-1006-G04		470,290				4,962		(470,290)	465,328		(470,290)	4,962
School Development Authority	1610-070-14-1007-G04		250,000				2,874		(250,000)	247,126		(250,000)	2,874
School Development Authority	1610-070-14-1008-G04		25,001				287		(25,001)	24,714		(25,001)	287
School Development Authority	1610-160-14-1025-G04		205,000				389		(205,000)	204,611		(205,000)	389
School Development Authority	1610-080-14-1010-G04		52,119				536		(52,119)	51,583		(52,119)	536
School Development Authority	1610-100-14-1011-G04		530,761				5,605		(530,761)	525,156		(530,761)	5,605
School Development Authority	1610-115-14-1016-G04		287,259				3,009		(287,259)	284,250		(287,259)	3,009
School Development Authority	1610-140-14-1017-G04		288,483				2,970		(288,483)	285,513		(288,483)	2,970
School Development Authority	1610-150-14-1021-G04		272,500				11,631		(272,500)	260,869		(272,500)	11,631
School Development Authority	1610-150-14-1022-G04		451,804				857		(451,804)	450,947		(451,804)	857
School Development Authority	1610-150-14-1029-G04		263,532				300		(263,532)	263,232		(263,532)	300
School Development Authority	1610-100-14-1013-G04		320,320				-		(320,320)	320,320		(320,320)	-
Total Capital Projects Fund				(33,008)	108,530	-	681,111	-	(5,882,803)	5,277,214	-	(5,882,803)	681,111
State Department of Agriculture													
Enterprise Fund													
National School Lunch Program	15-100-034-5120-122	7/1/14-6/30/15	37,974		33,332	-	37,974		(4,642)			(4,642)	37,974
National School Lunch Program	14-100-034-5120-122	7/1/13-6/30/14	41,257	(5,934)	5,934	-	-		-			-	-
Total Enterprise Fund				(5,934)	39,266	-	37,974	-	(4,642)			(4,642)	37,974
Total State Financial Assistance				\$ (3,123,546)	\$ 27,469,900	\$ 233,728	\$ 28,243,394	\$ 53,054	\$ (9,067,758)	\$ 5,280,164	\$ 71,228	\$ (6,278,104)	\$ 31,172,938
State Financial Assistance Not Subject to Single Audit Determination													
General Fund													
On-Behalf TPAF Pension System Contribution					(2,860,571)	-	(2,860,571)						(2,860,571)
On-Behalf TPAF Post-Retirement Med. Contrib.					(4,541,157)	-	(4,541,157)						(4,541,157)
Total State Financial Assistance Subject to Single Audit				\$ (3,123,546)	\$ 20,068,172	\$ 233,728	\$ 20,841,666	\$ 53,054	\$ (9,067,758)	\$ 5,280,164	\$ 71,228	\$ (6,278,104)	\$ 23,771,210

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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$38,951 for the general fund and an increase of \$1,346 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 391,697	\$ 26,024,763	\$ 26,416,460
Special Revenue Fund	3,376,349	1,228,213	4,604,562
Capital Projects Fund		681,110	681,110
Food Service Fund	<u>2,268,819</u>	<u>37,974</u>	<u>2,306,793</u>
 Total Awards Financial Assistance	 <u>\$ 6,036,865</u>	 <u>\$ 27,972,060</u>	 <u>\$ 34,008,925</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$3,770,374 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$2,860,571 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,541,157 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Federal Awards Section

Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? _____ yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA, Part B Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>84.010</u>	<u>Title I</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>School Breakfast Program</u>
<u>93.778</u>	<u>Medical Assistance (SEMI) Program</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? X yes _____ none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-089</u>	<u>Special Education Aid Categorical Aid</u>
<u>15-100-034-5120-473</u>	<u>Extraordinary Spec.-Education Aid</u>
<u>15-495-034-5120-086</u>	<u>Preschool Education Aid</u>
<u>15-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contr.</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>Various</u>	<u>School Development Authority</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 625,250

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 -- Schedule of Financial Statement Findings

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

There are none.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-001

The District is not maximizing its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining Federal reimbursement for special education services.

State program information:

Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084
Equalization Aid	495-034-5120-078
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or specific requirement:

State Grant Compliance Supplement- State Aid Public

Condition:

The District did not realize revenues as budgeted for Special Education Medicaid Initiative (SEMI) Program

Questioned Costs:

None

Context:

District did not achieve one hundred (100) percent of budgeted revenues.

Effect:

District is not obtaining the maximum Federal reimbursement for special education costs.

Recommendation

Continued efforts should be made to ensure the District maximizes its efforts under the SEMI program for obtaining Federal reimbursement for special education costs.

Views of Responsible Officials and Planned Corrective Actions

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-002

Our audit of the District's Extraordinary Aid Application noted numerous instances where the intensive and/or related service indicated in the application did not agree to what was in the student's Individualized Education Plan (IEP) and/or District workpapers. In addition, the District used the incorrect in-district tuition rates for Category 1 (in-district) students. District used 2015/2016 tuition rates instead of 2014/2015 tuition rates.

State Program Information

Extraordinary Aid 100-034-5120-473

Criteria or Specific Requirement

NJ Department of Education – Grant Compliance Supplement

Condition

Services provided on detailed supporting schedules and documented in individual student's Individualized Education Plan (IEP) did not always agree to services reported on the Extraordinary Aid Application. In addition, District used 2015/2016 tuition rates instead of 2014/2015 tuition rates for in-district tuition rates for Category 1 students.

Questioned Costs

Unknown.

Context

See condition.

Effect

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

Cause

Unknown.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2015-002 (Continued)

Recommendation

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

Views of Responsible Officials and Planned Corrective Action

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2015-003

Differences were noted between the Application for State School Aid (ASSA) and District workpapers.

Information on the State Program:

State Aid Public

Criteria or specific requirement

State Aid – Public Grant Compliance Supplement.

Condition:

Amounts reported on ASSA do not agree to the District's internal records.

Questioned Costs:

Unknown.

Context:

On-roll Students, Private School for the Handicapped and LEP

Certain amounts reported on ASSA do not agree to workpapers and numerous students could not be traced to class registers.

Effect

Possible reduction in State aid.

Cause:

Unknown.

Recommendation:

Internal control procedures over the preparation of the ASSA be reviewed and enhanced to ensure all amounts reported agree to District workpapers.

View of Responsible Officials and Planned Corrective Action:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-1

Our audit revealed that the District's \$3,850,000 trailer lease purchase project was not accounted for in the District's internal financial records. The District spent \$2,428,060 of this authorization including an open contract balance of \$1,087,947 during the 2013-2014 school year. In addition, the trailers acquired were not included as additions to the District's capital asset inventory.

Current Status

Corrective action has been taken.

Finding 2014-2

During our test of transactions, it was noted that the District misclassified certain administrative salary expenditures to Improvement of Instructional Services – Salaries of Supervisors of Instruction. The expenditures and related appropriations were reclassified to school Administration – Salaries of Other Professional Staff.

Current Status

Corrective action has been taken.

Finding 2014-3

Our audit of the District's Extraordinary Aid Application noted numerous instances where the intensive service indicated in the application could not be identified or did not agree to what was in the student's Individualized Education Plan (IEP). In addition, an instance was noted where no supporting documentation was provided indicating how costs claimed were calculated, as well as eight instances where tuition costs per the tuition contract did not agree to tuition costs claimed in the Application. Furthermore, the support and educational costs reported were not based on the District in which the student attends school or alternatively the percentage(s) provided from the State Department of Education.

Current Status

Corrective action has been taken, except as noted under Finding 2015-002.