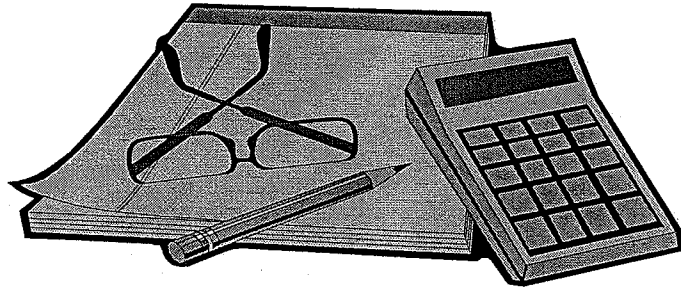


SCHOOL DISTRICT
OF
TOWNSHIP OF
FRANKLIN



Township of Franklin Board of Education
Franklinville, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Township of Franklin Board of Education

Franklinville, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by:

Franklin Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FRANKLIN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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TOWNSHIP OF FRANKLIN PUBLIC SCHOOLS

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Phone: 856-629-9500, Ext. 201
Fax: 856-629-1486
www.franklintwpschools.org

Troy Walton
Superintendent of Schools

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

November 15, 2016

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

Dear Board Members/Citizens,

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Township of Franklin School District (District) for the fiscal year ended June 30, 2016. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis; and
- ◆ The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

Elementary Schools

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

Mary F. Janvier School – a Pre-Kindergarten to Grade 2 school of 599 students. There is one principal and a staff of 61 teachers and classroom teacher aides/one to one assistants. The school is located on 1532 Pennsylvania Avenue.

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

Main Road School - grades 3-4 school of 411 students. There is one principal and a staff of 43 teachers and classroom teacher aides/one to one assistants. The school is located on 1452 Main Road.

Caroline L. Reutter School - a grades 5-6 school of 418 students. There is one principal and a staff of 49 teachers and classroom teacher aides/one to one assistants. The school is located on 2150 Delsea Drive.

Special Education

The Special Education program is an integral part of each school. In the 2015-16 school year, there were approximately 236 students classified as eligible to receive special education and related services, including 21 students who were placed in out of district settings. The district offers a number of special education programs including in-class resource or co-teaching, pull-out resource as well as self-contained classrooms. The district also offers related services including counseling, speech therapy, occupational therapy and physical therapy.

Core Curriculum Contents Standards

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

Staff Development

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

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

Technology

District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction. Every classroom, computer lab and office in all three schools and the administration building are linked together in local and wide-area networks. All administrators and teachers, and some of the support staff have access to computers, printers, email accounts and the Internet within their work areas.

Pupil Enrollment

The district completed the 2015-16 fiscal year with an average daily enrollment of 1,418.34 students. Enrollment has fluctuated over the past five years; however, the District had an increase in enrollment this past year. The following details the changes in the student enrollment of the district over the last five years. The table presents the actual historical pupil enrollment as of October 15, for the school years 2011-12 through 2015-16.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	1,418.3	1.37%
2014-15	1,399.2	1.03%
2013-14	1,384.9	-1.51%
2012-13	1,406.1	1.29%
2011-12	1,388.2	-2.53%

ECONOMIC CONDITION AND OUTLOOK

Overall enrollments have remained steady from 2014-15 to 2015-16. The district continues to work within the 2% local revenue cap to minimize the tax impact. It continues to incorporate efficiencies throughout the budget to fund initiatives to enhance educational programs.

MAJOR INITIATIVES-VISION 2019 STRATEGIC PLAN

The Township of Franklin Board of Education adopted a five-year strategic plan in June 2014. The Vision 2019 Strategic Plan remains the focal point of administrative and board discussions on planning for the future of our district. In June 2016, the superintendent reported to the Board of Education on the district's progress toward the six (6) goals defined in the strategic plan. The June report outlined thirty-six (36) current strategic activities individually tied to specific goals. This was the fourth scheduled progress update since adopting the plan in June 2014. In efforts to inform the community of progress toward our strategic plan goals, an invitation to the public presentation was sent home with every student in the district. Following the presentation, the updated report was electronically sent to all of the Vision 2019 participants, posted on the district's website and distributed via social media.

In March 2016, the superintendent and school business administrator presented an executive budget summary to the board members in preparation for adoption of the 2016-2017 budget. The summary tied spending and new staffing and/or initiatives to specific goals within the strategic plan. Moving forward, strategic plan progress reports are scheduled every six months for the duration of the plan. All of the goals, objectives, and proposed activities can be found on the district's website at www.franklintwpschools.org

PROFESSIONAL DEVELOPMENT ACTIVITIES

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

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

Achievements

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

Community Support

Resources and Links to Social Service Agencies:

Division of Youth and Family Services	Veterans of Foreign Wars - Loyalty Day
United Way of Gloucester County	Twp. of Franklin Police Dept. - DARE Program
N.J. State Police - Safety Patrol Program	Camden County Mental Health Assn.
U.S. Marine Corps - Toys for Tots	Gloucester County Sheriff - Fingerprinting Project
Together - Coats for Kids Program	N.J. Head Injury Assn. - Bicycle Safety
N.J. Dental Health Dept. - Fluoride Program	American Lung Association
Kessler Memorial Hospital Outreach Program	Epilepsy Foundation of America
American Heart Association	American Diabetes Association
American Red Cross	Lyme Disease Foundation
American Cancer Society	Library for the Blind and Handicapped
Gloucester County Dept. of Youth Services - Project Aware	Food Bank of South Jersey
	Commission for the Blind and Visually Impaired
	Child Assault Prevention
	Special Children's Health Services

Community Involvement

The district involved the community in the following ways during the 2015-16 school year:

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

Parental Involvement

Library Parent Volunteer Program	Parent-Teacher Association
Fluoride Parent Volunteer Program	Child Assault Prevention Program
School Nurse Parent Volunteer Program	Family Fun Night
Parent Visitation Day	Budget Committee
Teacher-Parent Conferences	Participation As Members of the School
Back to School Night	Planning Teams
4 th Friday of the month	Curbing Hunger Program
Preschool Community Activity	Kindergarten Orientation Program
Project THINK	Reading Workshops
Musical Presentations	Bullies/Victims Program
Classroom Star of the Week Program	Grandparents' Day Program
Parent Education Workshops	Grade 3 Orientation
Vision 2019 - Strategic Plan Process	Student Fingerprinting

NJASK Family Night
Grade 5 Orientation
Book Fairs
Grade 4 Student-Parent Dance
Student Birthdays

School Safety Team
Parents for Positive Change
Field Trip Chaperones
Holiday Shop
Classroom Parties

INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state awards, the District is also responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

BUDGETARY CONTROL

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

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

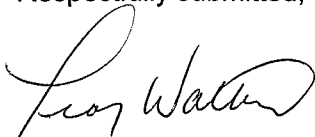
OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

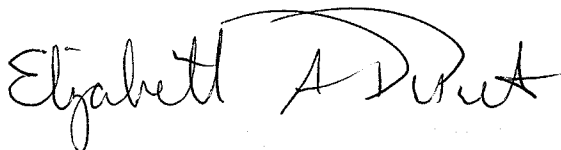
ACKNOWLEDGMENTS

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

Respectfully submitted,



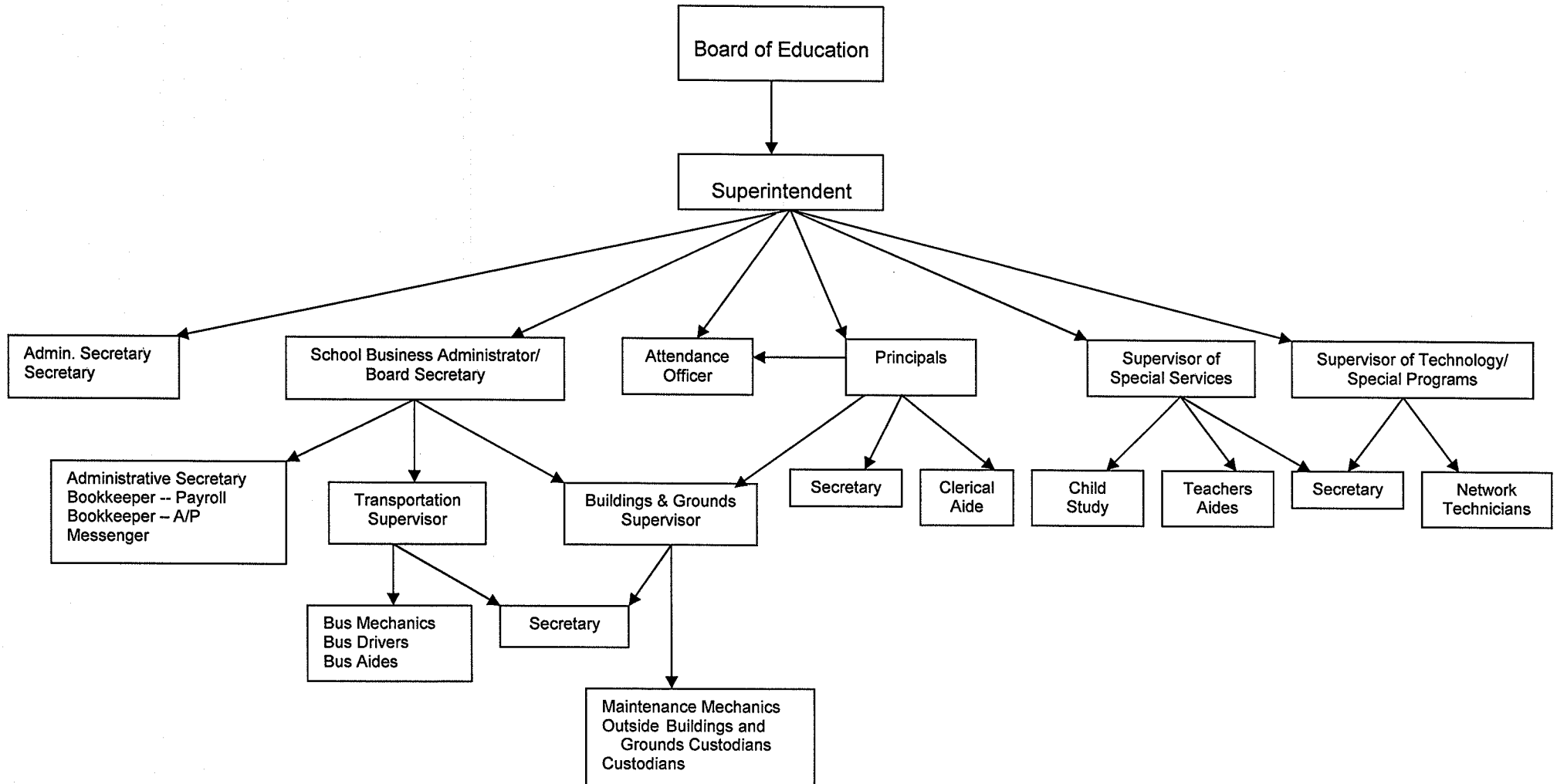
Troy Walton
Superintendent



Elizabeth A. DiPietro
School Business Administrator/
Board Secretary

TOWNSHIP OF FRANKLIN BOARD OF EDUCATION

Organizational Chart – Unit Control



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

**Roster of Officials
June 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stephanie Starr, President	2017
Michelle Isner, Vice President	2017
Heather Flaim	2017
Barbara Ciancaglini	2018
Janet Reger	2016
Mary Kientz	2016
Dawn Gelsi-Collins	2018
Nicholas DeSilvo	2016
Michele Cunningham	2018

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

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

ARCHITECT

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

AUDIT FIRM

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

ATTORNEY

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

ENGINEER(S)

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

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

OFFICIAL DEPOSITORY

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

INSURANCE AGENTS

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

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

Brown and Brown Benefit Advisors
24 Arnett Avenue, Suite 110
Lambertville, NJ 08530

Ebcon Insurance Group, LLC
CU Financial Insurance Group
PO Box 247
Rancocas, NJ 08073

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

November 15, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Franklin Township School District in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Franklin Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Board of Education in the County of Gloucester, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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 and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit

Policy for Recipients of Federal Grants, State Grants and State Aid and is 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

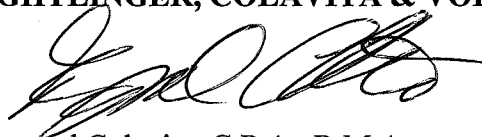
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2016 on our consideration of the Franklin Township Board of Education's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Franklin Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTAL INFORMATION
PART 1

**Township of Franklin School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

UNAUDITED

The discussion and analysis of the Township of Franklin School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- General revenues accounted for \$24,312,083.29 in revenue or 89.9 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital gains and contributions accounted for \$2,738,284.35 or 10.1 percent to total revenues of \$27,050,367.64.
- The School District had \$25,943,673.61 in expenses; only \$2,738,284.35 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and unrestricted governmental aid) basically provided for these programs.
- The General Fund had \$23,052,037.63 in revenues, \$21,300,040.50 in expenditures and no other financing uses. The General Fund's balance increased \$1,751,997.13 over 2015.
- Total assets of governmental activities were \$18,713,539.71. Capital assets made up 69.4 percent of all assets or \$12,991,427.45. The total Net Position of governmental activities was \$10,831,261.13.

Using This Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially in 2016?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes in to account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

Enterprise Fund

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

The School District as a Whole

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

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

**Table 1
Net Position**

	2016	2015
Assets		
Current and Other Assets	\$ 5,816,916.38	\$ 3,960,974.84
Capital Assets, Net	13,065,768.34	13,433,384.27
Total Assets	18,882,684.72	17,394,359.11
Deferred Outflows of Resources	1,758,798.00	975,058.00
Liabilities		
Long-term Liabilities	9,288,413.37	7,992,380.35
Other Liabilities	266,966.10	172,031.54
Total Liabilities	9,555,379.47	8,164,411.89
Deferred Inflows of Resources	112,197.00	337,793.00
Net Position		
Invested in Capital Assets, Net of Debt	11,123,768.34	11,361,384.27
Restricted	5,615,959.96	4,132,549.24
Unrestricted	(5,765,822.05)	(5,626,721.29)
Total Net Position	\$ 10,973,906.25	\$ 9,867,212.22

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

Table 2 shows the changes in Net Position from fiscal year's 2016 and 2015. Revenue and expense comparisons to fiscal year 2015 are presented as a comparative analysis of district-wide data.

Table 2
Changes in Net Position

	2016	2015
Revenues		
Programs Revenues		
Charges for Services	\$ 259,012.88	\$ 255,049.34
Operating Grants and Contributions	2,479,271.47	2,330,244.05
General Revenues		
Property Taxes	10,502,127.00	9,983,469.00
Grants and Entitlements	12,031,057.19	11,907,688.74
Other	1,778,899.10	1,573,383.33
Total Revenues	<u>27,050,367.64</u>	<u>26,049,834.46</u>
Program Expenses		
Instruction	8,205,051.47	7,990,324.76
Support Services		
Tuition	799,558.19	857,859.82
Pupils and Instructional Staff	2,050,685.08	1,866,383.96
General Administration, School		
Administration, Business	1,292,493.52	1,368,190.70
Operations and Maintenance of		
Facilities	1,857,383.14	1,773,798.38
Pupil Transportation	1,597,561.88	1,866,532.83
Employee Benefits	8,951,485.43	7,774,883.20
Interest on Debt	543,319.23	528,059.58
Food Service	646,135.67	612,326.48
Total Expenses	<u>25,943,673.61</u>	<u>24,637,359.71</u>
Increase (Decrease) in Net Position	<u>\$ 1,106,694.03</u>	<u>\$ 1,412,474.75</u>

The total revenue of the District was \$27,050,367.64. The percentage breakdown by various classification of revenue is as follows:

Sources of Revenues for Fiscal Year 2015

Property Taxes	43.2%
Federal/State Grants	49.5%
Other	7.3%

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

The total cost of all programs and services of the District was \$25,943,673.61. The percentage breakdown by various classification of expenditure is as follows:

Expenses for Fiscal Year 2016

Instruction	31.6%
Tuition	3.1%
Pupil Support	7.9%
Administration	5.1%
Maintenance and Operations	7.1%
Transportation	6.1%
Employee Benefits	34.5%
Food Service	2.5%
Depreciation and Debt Service	2.1%

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the District operations. Property taxes made up 42.2 percent of revenues for governmental activities for the Township of Franklin School District for fiscal year 2016. Federal, state and local grants accounted for another 49.5 percent. The District's total Governmental Fund revenues, excluding the Enterprise fund, were \$24,312,083.29 for the fiscal year ended June 30, 2016.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Comparisons to 2015 are also shown below.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 8,205,051.47	\$ 7573664.96	\$ 7,990,324.76	\$ 7,401,192.06
Support Services				
Tuition	799,558.19	799558.19	857,859.82	857,859.82
Pupils and Instructional Staff	2,050,685.08	1,983,568.88	1,865,383.96	1,820,866.01
General Administration, School				
Administration, Business	1,292,493.52	1,292,493.52	1,368,190.70	1,368,190.70
Operation and maintenance				
of Facilities	1,857,383.14	1,857,383.14	1,773,798.38	1,773,798.38
Pupil Transportation	1,597,561.88	1,597,561.88	1,866,532.83	1,866,532.83
Employee Benefits	8,951,485.43	7,564,930.42	7,774,883.20	6,445,830.98
Interest on Debt	543,319.23	543,319.23	528,059.58	528,059.58
Food Service	646,135.67		612,326.48	(10,264.04)
Total Expenses	\$ 25,943,673.61	\$ 23,212,480.22	\$ 24,637,359.71	\$ 22,052,066.32

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

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

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

Business-Type Activities

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

- Total food service expense of \$646,135.67 was \$7,090.96 less than program revenues.
- Charges for services were \$259,012.88 categorized as program revenue. This represents amounts paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$394,213.75.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$23,962,002.01 and expenditures of \$22,210,325.77. The net increase in fund balance for the year was \$1,751,676.24. This was due partially due to Capital Expenditures, along with a combination of revenues in excess of expenditures in the general fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

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

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2015	Percent Increase (Decrease)
Local Sources	\$ 12,281,026.10	51.25%	\$ 724,173.77	6.27%
State Sources	10,910,139.10	45.53%	(551,343.83)	-4.81%
Federal Sources	770,836.81	3.22%	86,519.13	12.64%
Total	\$ 23,962,002.01	100.00%	\$ 259,349.07	1.09%

The increase in local sources is attributable to increases in local tax levy of \$518,658.00, tuition of \$212,211.36, transportation of \$14,974.15 and interest earned of \$6,921.59, offset by decreases in miscellaneous income of \$28,591.33.

The decrease in state aid is attributed to decreases in various public aid of \$831,653.64, which includes an increase in on-behalf TPAF pension and health cost and social security contributions of \$280,309.81.

The increase in federal sources is attributed to a net increase in various grant awards in the amount of \$86,519.13.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2016:

Expenditure	Amount	Percent of Total	Increase/ (Decrease) from 2015	Percent Increase (Decrease)
Current:				
Instruction	\$ 8,096,429.24	36.45%	\$ 116,230.50	1.46%
Undistributed Expenditures	13,635,226.84	61.39%	117,636.29	0.87%
Capital Outlay	292,009.69	1.31%	(2,261,406.00)	-88.56%
Debt Service:				
Principal	130,000.00	0.59%	-	0.00%
Interest	56,660.00	0.26%	(2,600.00)	-4.39%
Total	\$ 22,210,325.77	100.00%	\$ (2,030,139.21)	-8.38%

The increase in instructional expenditures is attributed to increases in regular instruction of \$36,143.93, special education instruction of \$59,093.55 and other instruction of \$20,993.02.

The increase in Undistributed Expenditures was attributed to increases in student support costs of \$185,301.12, plant operations and maintenance of \$83,584.76 and on-behalf TPAF pension and health cost of \$280,309.81 offset by decreases in tuition costs of \$58,301.63, pupil transportation costs of \$268,970.95, employee benefits of \$28,589.64 and school administration of \$75,697.18.

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

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

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

General Fund Budgeting Highlights

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

During the course of the fiscal year 2016, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

While the District's final budget for the general fund anticipated that budgeted fund balance plus revenues would roughly equal expenditures, the actual results for the year show a decrease to fund balance of \$1,749,122.13. Actual revenues were \$300,380.29 higher than expected, excluding on-behalf pension and social security of \$2,008,410.45. Actual expenditures were \$2,104,478.96 less than expected excluding \$2,008,410.45 in reimbursed social security and on-behalf TPAF pension and retired medical cost, which are non-budgeted reimbursements from the state. There were no other financing sources expended. The result was a positive variance of \$2,434,859.25 between the final budget to actual results of operations for the school year ended on June 30, 2016.

Capital Assets

At the end of the fiscal year 2016, the District had \$13,065,768.34 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2016 balances compared to 2015:

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

	<u>2016</u>	<u>2015</u>
Land	\$ 200,445.50	\$ 200,445.50
Site Improvements	80,475.63	85,735.14
Building and improvements	11,439,259.80	12,364,471.11
Machinery and equipment	<u>1,345,587.41</u>	<u>1,159,998.44</u>
Totals	<u>\$13,065,768.34</u>	<u>\$13,433,384.27</u>

Overall capital assets decreased \$367,615.93 from fiscal year 2015 to fiscal year 2016. Increases of \$283,518.69 in capital assets (primarily equipment) were offset by depreciation expenses for the year of \$651,134.62.

Debt Administration

At June 30, 2016 the District had \$2,310,130.37 as outstanding debt. Of this amount, \$269,634.16 is for compensated absences, \$98,496.21 for capital leases and the balance of \$1,942,000.00 is for school construction bonds. At June 30, 2015, the District's overall legal debt margin was \$32,195,224 and the unvoted debt margin was \$30,253,224 or 94%.

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

For the Future

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE
FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Statement of Net Position
As of June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 4,601,197.87	\$ 59,975.15	\$ 4,661,173.02
Receivables, Net	1,119,896.68	16,244.62	1,136,141.30
Interfunds Receivable	1,017.71		1,017.71
Inventory		18,584.35	18,584.35
Capital Assets, Net	12,991,427.45	74,340.89	13,065,768.34
Total Assets	18,713,539.71	169,145.01	18,882,684.72
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	1,758,798.00		1,758,798.00
LIABILITIES:			
Accounts Payable	205,235.56	419.50	205,655.06
Accrued Interest	2,253.00		2,253.00
Unearned Revenue	32,977.65	26,080.39	59,058.04
Net Pension Liability	6,978,283.00		6,978,283.00
Noncurrent Liabilities			
Due within One Year	190,722.93		190,722.93
Due beyond One Year	2,119,407.44		2,119,407.44
Total Liabilities	9,528,879.58	26,499.89	9,555,379.47
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	112,197.00		112,197.00
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	11,049,427.45	74,340.89	11,123,768.34
Restricted for:			
Capital Reserve	2,847,261.00		2,847,261.00
Maintenance Reserve	1,078,306.00		1,078,306.00
Capital Projects	1,141,421.34		1,141,421.34
Other Purposes	501,206.62	47,765.00	548,971.62
Unrestricted (Deficit)	(5,786,361.28)	20,539.23	(5,765,822.05)
Total Net Position	\$ 10,831,261.13	\$ 142,645.12	\$ 10,973,906.25

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 5,912,650.87	\$	\$ 631,386.51	\$ (5,281,264.36)	\$	\$ (5,281,264.36)
Special Education	1,749,562.84			(1,749,562.84)		(1,749,562.84)
Other Instruction	551,683.32			(551,683.32)		(551,683.32)
Support Services:						
Tuition	799,558.19			(799,558.19)		(799,558.19)
Student & Instruction Related Services	2,050,685.08		67,116.20	(1,983,568.88)		(1,983,568.88)
General Administrative Service	419,759.95			(419,759.95)		(419,759.95)
School Administrative Service	467,257.09			(467,257.09)		(467,257.09)
Central Services	295,376.48			(295,376.48)		(295,376.48)
Administration Information Technology	110,100.00			(110,100.00)		(110,100.00)
Plant Operations and Maintenance	1,859,222.21			(1,859,222.21)		(1,859,222.21)
Pupil Transportation	1,597,963.67			(1,597,963.67)		(1,597,963.67)
Employee Benefits	8,951,485.43		1,386,555.01	(7,564,930.42)		(7,564,930.42)
Interest on Long-term Debt	532,232.81			(532,232.81)		(532,232.81)
Total Governmental Activities	25,297,537.94		2,085,057.72	(23,212,480.22)		(23,212,480.22)
Business-type Activities:						
Food Service	646,135.67	259,012.88	394,213.75		7,090.96	7,090.96
Total Business-type Activities	646,135.67	259,012.88	394,213.75	0.00	7,090.96	7,090.96
Total Primary Government	\$ 25,943,673.61	\$ 259,012.88	\$ 2,479,271.47	\$ (23,212,480.22)	\$ 7,090.96	\$ (23,205,389.26)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 10,315,787.89	\$	\$ 10,315,787.89
Taxes Levied for Debt Service				186,339.11		186,339.11
Federal and State Aid not Restricted				12,031,057.19		12,031,057.19
Tuition and Transportation Fees received				1,551,930.55		1,551,930.55
Transportation Fees				124,791.00		124,791.00
Investment Earnings				27,156.83		27,156.83
Miscellaneous Income				75,020.72		75,020.72
				24,312,083.29		24,312,083.29
Change in Net Assets				1,099,603.07	7,090.96	1,106,694.03
Net Position - Beginning (Restated)				9,731,658.06	135,554.16	9,867,212.22
Net Position - Ending				\$ 10,831,261.13	\$ 142,645.12	\$ 10,973,906.25

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
As of June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 3,450,456.74		\$ 1,141,421.34		\$ 4,591,878.08
Interfund Receivable	237,218.60				237,218.60
Intergovernmental Accounts Receivable - State	199,359.28				199,359.28
Intergovernmental Accounts Receivable - Federal	38,958.59	269,959.67			308,918.26
Accounts Receivable - Other	611,619.14				611,619.14
Total Assets	\$ 4,537,612.35	\$ 269,959.67	\$ 1,141,421.34	\$	\$ 5,948,993.36
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 174,392.64	\$ 30,842.92		\$	\$ 205,235.56
Interfund Payable		236,200.89			236,200.89
Unearned Revenue	20,742.00	2,915.86			23,657.86
Total Liabilities	195,134.64	269,959.67			465,094.31
Fund Balances:					
Restricted For:					
Excess Surplus	163,402.62				163,402.62
Excess Surplus - Designated					
for Subsequent Year's Expenditures	87,804.00				87,804.00
Maintenance Reserve Account	928,506.00				928,506.00
Maintenance Reserve Account - Designated					
for Subsequent Year's Expenditures	149,800.00				149,800.00
Emergency Reserve	250,000.00				250,000.00
Capital Reserve	1,998,786.00				1,998,786.00
Capital Reserve Account - Designated					
for Subsequent Year's Expenditures	848,475.00				848,475.00
Capital Projects			1,141,421.34		1,141,421.34
Committed To:					
Year-End Encumbrances	223,249.84				223,249.84
Assigned Fund Balance - Designated for					
Subsequent Year's Expenditures	31,150.00				31,150.00
Unassigned, Reported In:					
General Fund (Deficit)	(338,695.75)				(338,695.75)
Total Fund Balances	4,342,477.71	0.00	1,141,421.34		5,483,899.05
Total Liabilities and Fund Balances	\$ 4,537,612.35	\$ 269,959.67	\$ 1,141,421.34	\$	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,158,819.49 accumulated depreciation is \$12,167,392.04	12,991,427.45
Accrued interest is not due and payable in the current period and are therefore not reported as liabilities	(2,253.00)
Deferred Outflow of Resources - Deferred Pension Contribution.	1,758,798.00
Deferred Inflows of Resources - Pension Actuarial Gains.	(112,197.00)
Long Term Net Pension Liability	(6,978,283.00)
Long-term liabilities, including bonds payable, capital lease payments, and compensated absence obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,310,130.37)
Net Position of Governmental Activities	\$ 10,831,261.13

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2016

REVENUES:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 10,315,787.89	\$	\$	\$ 186,339.11	\$ 10,502,127.00
Tuition from Other LEAs	1,551,930.55				1,551,930.55
Transportation from Other LEAs	124,791.00				124,791.00
Interest on Investments	18,506.83				18,506.83
Interest on Capital Reserve	8,650.00				8,650.00
Miscellaneous	75,020.72				75,020.72
Total Revenues-Local Sources	12,094,686.99			186,339.11	12,281,026.10
State Sources	10,910,139.10				10,910,139.10
Federal Sources	47,211.54	723,625.27			770,836.81
Total Revenues	23,052,037.63	723,625.27		186,339.11	23,962,002.01
EXPENDITURES:					
Current:					
Regular Instruction	5,173,572.26	631,386.51			5,804,958.77
Special Education Instruction	1,739,787.15				1,739,787.15
Other Instruction	551,683.32				551,683.32
Support Services and Undistributed Costs:					
Tuition	799,558.19				799,558.19
Student & Instruction Related Services	1,975,461.61	67,116.20			2,042,577.81
General Administrative Services	419,139.95				419,139.95
School Administrative Services	466,574.68				466,574.68
Central Services	295,376.48				295,376.48
Administration Information Technology	110,100.00				110,100.00
Plant Operations and Maintenance	1,778,148.53				1,778,148.53
Pupil Transportation	1,525,605.58				1,525,605.58
Unallocated Employee Benefits	4,164,612.61	25,122.56			4,189,735.17
On-behalf TPAF Pension Contributions	646,978.00				646,978.00
On-behalf TPAF Pension Contributions	770,373.00				770,373.00
On-behalf TPAF Social Security Contributions	591,059.45				591,059.45
Capital Outlay	292,009.69				292,009.69
Debt Service:					
Principal				130,000.00	130,000.00
Interest				56,660.00	56,660.00
Total Expenditures	21,300,040.50	723,625.27		186,660.00	22,210,325.77
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,751,997.13			(320.89)	1,751,676.24
Other Financing Sources (Uses):					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	1,751,997.13			(320.89)	1,751,676.24
Fund Balance, July 1	2,590,480.58		1,141,421.34	320.89	3,732,222.81
Fund Balance, June 30	\$ 4,342,477.71	\$	\$ 1,141,421.34	\$	\$ 5,483,899.05

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Net Assets
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,751,676.24

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

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

Depreciation expense	\$	(649,002.84)	
Capital outlay		292,009.69	
			(356,993.15)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (300,769.00)

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

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

In the Statement of Activities, certain operating expenses, e.g. supplies acquired through a capital lease, are expensed when the liability is incurred, whereas the expense is not recognized in the governmental fund until the financial resources are used (paid). (98,496.21)

In the Statement of Activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). (17,431.81)

Change in Net Position of Governmental Activities (A-2)	\$	1,099,603.07	

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

PROPRIETARY FUNDS

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
As of June 30, 2016

	<u>Business-type Activities - Enterprise Fund Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 50,655.36	\$ 9,319.79
Accounts Receivable:		
State	237.82	
Federal	14,901.92	
Other	1,104.88	
Inventories	18,584.35	
Total Current Assets	85,484.33	9,319.79
Noncurrent Assets:		
Equipment	277,060.02	
Accumulated Depreciation	(202,719.13)	
Total Noncurrent Assets	74,340.89	
Total Assets	\$ 159,825.22	\$ 9,319.79
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 419.50	\$
Deferred Revenues	16,760.60	9,319.79
Total Current Liabilities	17,180.10	9,319.79
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	74,340.89	
Committed for Capital Purchases	47,765.00	
Unrestricted	20,539.23	
Total Net Position	142,645.12	
Total Liabilities and Net Position	\$ 159,825.22	\$ 9,319.79

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Business-type Activities - Enterprise Fund Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES:		
Local Sources		
Daily Sales-Reimbursable Programs:		
Special Lunch and Milk Program	\$ 164,226.90	\$ _____
Total-Daily Sales-Reimbursable Programs	164,226.90	_____
Daily Sales Non-reimbursable Programs	94,785.98	_____
Total Operating Revenue	<u>259,012.88</u>	_____
OPERATING EXPENSES:		
Salaries	232,081.74	
Employee Benefits	82,191.66	
Purchased Property Services	29,212.68	
Repairs and Other Expenses	65,459.93	
Depreciation	2,131.78	
Cost of Sales	198,757.13	
Cost of Sales - Non-Program Food	36,300.75	
Total Operating Expenses	<u>646,135.67</u>	_____
Operating income (loss)	<u>(387,122.79)</u>	_____
NONOPERATING REVENUES:		
State Sources:		
State School Lunch Program	5,962.74	
Federal Sources:		
National School Lunch Program	222,534.17	
National School Breakfast Program	114,427.09	
Special Milk Program	603.91	
Food Distribution Program	50,685.84	
Total Non-operating Revenues	<u>394,213.75</u>	_____
Net Income (Loss) before Operating Transfers	<u>7,090.96</u>	_____
OPERATING TRANSFERS:		
Operating Transfer in - General Fund		
Change in Net Assets	<u>7,090.96</u>	_____
Total Net Position - July 1	<u>135,554.16</u>	_____
Total Net Position - June 30	<u>\$ 142,645.12</u>	<u>\$ _____</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	<u>Business-type Activities - Enterprise Fund Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:		
Operating income (loss)	\$ (387,122.79)	\$
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities		
Depreciation	2,131.78	
Food distribution program	50,685.84	
Change in assets and liabilities		
(Increase)/Decrease in accounts receivable	46,393.34	
(Increase)/Decrease in inventory	1,517.95	
Increase/(Decrease) in Accounts Payable	(1,400.75)	
Increase/(Decrease) in Unearned Revenue	2,680.30	
Net cash provided (used) by operating activities	<u>(285,114.33)</u>	
Cash flows from Noncapital financing activities:		
Cash Received from General Fund		
Cash received from state & federal reimbursements	343,527.91	
Net cash provided by Noncapital financing activities	<u>343,527.91</u>	
Cash flows from capital and related financing activities:		
Acquisition of capital assets		
Net cash used for capital and related financing activities		
Net increase in cash and cash equivalents	<u>58,413.58</u>	
Cash and cash equivalents, July 1	<u>(7,758.22)</u>	<u>9,319.79</u>
Cash and cash equivalents, June 30	<u>\$ 50,655.36</u>	<u>\$ 9,319.79</u>

FIDUCIARY FUNDS

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
As of June 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS:		
Cash and Cash Equivalents	\$ 358,851.98	\$ 374,377.30
Total assets	<u>\$ 358,851.98</u>	<u>\$ 374,377.30</u>
LIABILITIES:		
Payroll Deductions & Withholdings	\$	\$ 355,323.36
Due to General Fund		1,017.71
Due to Student Groups		18,036.23
Total Liabilities		<u>374,377.30</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>358,851.98</u>	
Total Net Position	<u>\$ 358,851.98</u>	<u>\$</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 61,807.72
Total Contributions	61,807.72
Investment Earnings:	
Interest	1,607.16
Net Investment Earnings	1,607.16
Total Additions	63,414.88
DEDUCTIONS	
Unemployment Claims	27,227.25
Total Deductions	27,227.25
Change in Net Assets	36,187.63
Net Position - Beginning of the Year	322,664.35
Net Position - End of the Year	\$ 358,851.98

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The District is a Type II district and serves an area of 54 square miles. It is located in Gloucester County and provides education for all of the Township of Franklin's K through 6 students, as well as having a preschool program for handicapped children. The District currently operates four instructional buildings, a bus garage/maintenance building, a storage building, and an administrative building. The District services approximately 1,453 students.

Reporting Entity

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

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. New Accounting Standards:

The School District has adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

A. New Accounting Standards (Continued):

- *GASB No. 79 - Certain External Investment Pools and Pool Participants*: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, did not impact the financial statements of the School District.
- *GASB Statement No. 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*: The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.
- *GASB No. 77, Tax Abatement Disclosures*: This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District.
- *GASB No. 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*: 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. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.
- *GASB No. 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*: 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. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

A. New Accounting Standards (Continued):

- **GASB No. 72 - *Fair Value Measurement and Application*:** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, did not impact the financial statements of the School District.

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

- **GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*:** The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.
- **GASB No. 81 - *Irrevocable Split-Interest Agreements*:** The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements.
- **GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:** 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. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

A. New Accounting Standards (Continued):

- *GASB No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:*
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. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 74 on the School District's financial statements.

B. Basis of Presentation

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

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

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

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

B. Basis of Presentation (Cont'd)

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

C. Fund Accounting:

Governmental Fund Types

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

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

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District has three open capital projects, as of June 30, 2016.

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

C. Fund Accounting (Cont'd):

Proprietary-Fund Types

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

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenues and expenses pertaining to cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

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

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

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

Food Service Fund Equipment 7 – 20 Years

Fiduciary-Fund Types

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

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

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. As of June 30, 2016, this District had no transactions to record within the Nonexpendable Trust Fund.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

C. Fund Accounting (Cont'd):

Fiduciary-Fund Types (Cont'd)

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

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

D. Basis of Accounting

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of Unearned Revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

E. Budgets/Budgetary Control (Cont'd)

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

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

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

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

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

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

F. Encumbrance Accounting (Continued)

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

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

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

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

G. Assets, Liabilities and Equity

Interfund Transactions

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

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method and are expended when used. Inventory consists of donated and purchased food. Inventory in the Food Service Enterprise Fund as of June 30, 2016 consisted of the following:

Purchased Food	\$ 4,791.47
Commodity Food	10,805.33
Supplies	<u>2,987.55</u>
Total	<u>\$18,584.35</u>

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

G. Assets, Liabilities and Equity (Continued)

Capital Assets

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

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

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

H. Compensated Absences

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

As of June 30, 2016 there was no liability for compensated absences in the Proprietary Fund. The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated based upon the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Salary-related payments for the employer's share of social security and medicare taxes are included.

I. Net Position

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

J. Unearned Revenue

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

K. Accrued Liabilities and Long-Term Obligations

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

L. Fund Balance Reserves

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

M. Revenues - Exchange and Non-exchange Transactions

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

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

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

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

N. Operating Revenues and Expenses

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

O. Management Estimates

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

P. Allocation of Indirect Expenses

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

Q. Extraordinary and Special Items

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

R. Bond and Lease Acquisition Costs

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

Note 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

Deposits

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

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

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

Investments

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

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

As of June 30, 2016, cash and cash equivalents in the fund financial statement of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$5,385,082.51
Capital reserve (money market)	<u>0</u>
Total	<u>\$5,385,082.51</u>

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

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

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016, the District's bank balance of \$5,872,697.88 was exposed to custodial credit risk as follows:

Insured by Depository Insurance	\$ 250,000.00
Collateralized under GUDPA	<u>5,622,697.88</u>
Total	<u>\$5,872,697.88</u>

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

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

Note 4. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Township of Franklin School District, in prior years, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$1,700,000
Deposits	1,108,611
Interest earnings	<u>8,650</u>
	2,817,261
Less: Withdrawals	
Ending balance, June 30, 2016	<u>\$2,817,261</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$8,117,822.10. There were no withdrawals from the capital reserve during the year.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 5. INTERFUND RECEIVABLE AND PAYABLE

Interfund balances reflected on the balance sheets at June 30, 2016 are as follows:

	<u>Due From</u>	<u>Due to</u>
General Fund	\$237,218.60	
Special Projects Fund		\$236,200.89
Payroll Agency Fund		1,017.71

NOTE 6. MAINTENANCE RESERVE

A Maintenance Reserve was established by the Township of Franklin School District in the 2010-11 school year in the amount of \$435,186 and another \$575,303 was added in the 2011-12 year, resulting in a balance of \$1,010,489 at June 30, 2013. During 2013-14, \$427,804 was added, resulting in a balance of \$1,438,293, of which \$359,987 was anticipated as revenue in the 2014-2015 budget. At June 30, 2016, there was a balance of \$1,078,306, of which none was anticipated as revenue in the 2016-2017 budget. The maximum allowed Maintenance Reserve is \$1,078,306.

NOTE 7. RECEIVABLES

Receivables at June 30, 2016 consisted of intergovernmental and other monies due to the District and are considered collectible in full. A summary of the principal items of accounts receivable follows:

	<u>Amount</u>
Governmental Activities	
General Funds	\$ 849,937.01
Other Governmental Funds	269,959.67
	<hr/>
Total Governmental Funds	1,119,896.68
Business-Type Activities	
Food Services	16,244.62
	<hr/>
Total Accounts Receivable	\$ 1,136,141.30
	<hr/> <hr/>

NOTE 8. OPERATING LEASES

There was one operating lease obligation initiated in the year ended June 30, 2016, of which the District had commitments to lease seven Xerox copiers under operating leases that expire in 2021. Future minimum lease payments are as follows:

Year ending June 30,	Amount
2017	\$ 40,907
2018	49,089
2019	49,089
2020	49,089
2021	8,181
	<hr/>
Total future minimum lease payments	\$ 196,355
	<hr/> <hr/>

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. CAPITAL ASSETS

The Capital Asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 200,445.50	\$ -	\$ -	\$ 200,445.50
Construction in Progress				
Total Capital Assets not being Depreciated	<u>200,445.50</u>			<u>200,445.50</u>
Site Improvements	999,518.77			999,518.77
Building and Building Improvements	19,096,802.97			19,096,802.97
Machinery and Equipment	4,578,533.56	283,518.69		4,862,052.25
Totals at Historical Cost	<u>24,674,855.30</u>	<u>283,518.69</u>		<u>24,958,373.99</u>
Less Accumulated Depreciation for:				
Site Improvements	(913,783.63)	(5,259.51)		(919,043.14)
Building and Improvements	(7,186,070.45)	(471,472.72)		(7,657,543.17)
Equipment	(3,418,535.12)	(172,270.61)		(3,590,805.73)
Total Accumulated Depreciation	<u>(11,518,389.20)</u>	<u>(649,002.84)</u>		<u>(12,167,392.04)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	13,156,466.10	(365,484.15)		12,790,981.95
Government Activities Capital Assets, Net	<u>\$ 13,356,911.60</u>	<u>\$ (365,484.15)</u>	<u>\$ -</u>	<u>\$ 12,991,427.45</u>
	To A-1			To A-1
Business-type Activities - Equipment	277,060.02			277,060.02
Less Accumulated Depreciation	(200,587.35)	(2,131.78)		(202,719.13)
Business-type Activities Capital Assets, Net	<u>\$ 76,472.67</u>	<u>\$ (2,131.78)</u>	<u>\$ -</u>	<u>\$ 74,340.89</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 9,195.89
Special Education Instruction	9,775.69
Student and Instruction related Services	8,107.27
General Administration	620.00
School Administration	682.41
Plant Operations and Maintenance	81,073.68
Pupil Transportation	72,358.09
Unallocated	467,189.81
Total	<u>\$649,002.84</u>

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 10. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	\$ 2,072,000.00		\$ 130,000.00	\$ 1,942,000.00	\$ 135,000.00	\$ 1,807,000.00
Total Bonds Payable	2,072,000.00		130,000.00	1,942,000.00	135,000.00	1,807,000.00
Other Liabilities:						
Obligations under Capital Lease		151,448.75	52,952.54	98,496.21	48,052.93	50,443.28
Compensated Absences Payable	252,202.35	17,431.81		269,634.16	12,670.00	256,964.16
Total Other Liabilities	<u>\$ 2,324,202.35</u>	<u>\$ 168,880.56</u>	<u>\$ 182,952.54</u>	<u>\$ 2,310,130.37</u>	<u>\$ 195,722.93</u>	<u>\$ 2,114,407.44</u>
					To A-1	
Business-Type Activities:						
Compensated Absences Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2016, the District had no authorized but not issued bonds.

Debt Service Requirements

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

Year Ending June 30,	Principal	Interest	Total
2017 \$	135,000	54,060.00	189,060.00
2018	140,000	51,360.00	191,360.00
2019	145,000	48,560.00	193,560.00
2020	150,000	45,660.00	195,660.00
2021	155,000	41,160.00	196,160.00
2022	155,000	36,510.00	191,510.00
2023	165,000	31,860.00	196,860.00
2024	170,000	26,910.00	196,910.00
2025	175,000	21,810.00	196,810.00
2026	180,000	16,560.00	196,560.00
2027	185,000	11,160.00	196,160.00
2028	187,000	5,610.00	192,610.00
Total	<u>\$ 1,942,000</u>	<u>\$ 391,220.00</u>	<u>\$ 2,333,220.00</u>

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 10. LONG-TERM OBLIGATIONS (CONT'D)

Capital Lease

Subsequent to June 30, 2016, three new capital leases were approved totaling \$311,517.80, which were for Chrome Books and other computer equipment. The minimum future lease payments, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017 \$	134,830.56	\$ 4,899.61	\$ 139,730.17
2018	125,693.87	14,036.30	139,730.17
2019	79,217.00	7,560.63	86,777.63
2020	39,565.11	3,383.87	42,948.98
2021	30,707.47	1,460.18	32,167.65
Total	\$ 410,014.01	\$ 31,340.59	\$ 441,354.60

NOTE 11. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

For the year ended June 30, 2016, the District recognized pension expense of \$3,082,117 and revenue of \$3,082,117 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, which equal the required contribution for each fiscal year, were as follows:

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2016	\$ 45,246	\$ 208,432	\$ 253,678	\$ N/A	\$ 253,678

Vesting and Benefit Provisions

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

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A.43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for TPAF and PERS:

Tier Definition

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 11. PENSION PLANS (CONT'D)

Tier Definition (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/16	\$ 1,417,351	100	N/A
6/30/15	1,117,221	100	N/A
6/30/14	837,275	100	N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$646,978 to the TPAF for pension contributions and \$770,373 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School District \$591,059 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Contributions to the pension plan from the School District were \$267,260 for the fiscal year ended June 30, 2016. Employee contributions were \$152,295 for the fiscal year ended June 30, 2016.

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

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$6,978,283 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .031086%, which represents a .0008% increase from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$592,245 in the government-wide financial statements, for pension expense for PERS.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 11. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd) - At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 166,477	\$
Changes of assumptions	749,412	
Net difference between projected and actual earnings on pension plan investments		112,197
Changes in proportion and differences between District contributions and proportionate share of contributions	575,649	
District contributions subsequent to the measurement date	267,260	
Total	<u>\$ 1,758,798</u>	<u>\$ 112,197</u>

\$267,260 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2017	\$ 234,743
2018	234,743
2019	234,743
2020	234,743
2021	234,743
Thereafter	205,628
Total	<u>\$ 1,379,341</u>

Collective Balances at June 30, 2015 and 2016 are as follows:

	<u>Actuarial Valuation Date</u>	
	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	\$ 478,031,236	\$ 1,726,631,532
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	0.0310864387%	0.0302743045%

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 11. PENSION PLANS (CONT'D)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>TPAF</u>
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Interest Rate	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

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

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

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 11. PENSION PLANS (CONT'D)

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.47%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
Total	<u>100%</u>		<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 11. PENSION PLANS (CONT'D)

Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 8,673,151	\$ 6,978,283	\$ 5,557,317

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 12. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has chosen to purchase insurance to transfer risks to outside parties.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 13. RISK MANAGEMENT (CONT'D)

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions/ Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	None	\$ 63,414.88	\$ 27,227.25	\$ 358,851.98
2014-2015	None	15,450.93	9,247.10	322,664.35
2013-2014	None	22,209.38	37,254.12	316,460.50

NOTE 14. DEFERRED COMPENSATION

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

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

NOTE 15. FUND EQUITY

General Fund - Of the \$4,342,477.71 General Fund balance at June 30, 2016, \$223,249.84 is restricted and committed for encumbrances; \$250,000.00 has been restricted for Emergency Reserve; \$2,847,261.00 has been restricted in the Capital Reserve Account, of which \$848,475.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2016 ; \$1,078,306.00 has been restricted in the Maintenance Reserve, of which \$149,800.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$251,206.62 is restricted as excess surplus in accordance with N.J.S.A. 08A:7F-7 and \$87,804.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$31,150.00 has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2017 and there is a Deficit in unrestricted unassigned fund balance of (\$338,695.75).

The above amounts exclude the 19th and 20th state aid payments, in the amount of \$831,864.00 which was not received until July 2015 versus \$828,989.00 at June 30, 2016.

Debt Service Fund – There was no Debt Service Fund balance at June 30, 2016.

**Township of Franklin School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 16. LITIGATION

Per the Solicitor, there is one complaint that has been filed in Superior Court on behalf of a student, of which the insurance carrier is representing the District and no material exposure appears evident. The administration and legal council are not aware of any other matters pending or threatened, which are likely to have a material adverse effect on the financial position of the District.

17. SENDING RECEIVING CONTRACT

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

18. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess fund balance of \$251,206.62 at June 30, 2016, of which \$87,804.00 has been appropriated in the 2016-17 budget and \$163,402.62 that must be appropriated in the 2017-18 budget.

19. DEFICIT FUND BALANCES

The District had no deficit in total fund balance of the General Fund and none in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). *N.J.S.A. 18A:22-44.2* provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2*, any negative unrestricted, unassigned general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. While the District had an undesignated, unassigned deficit in the GAAP fund statements in the General Fund of \$338,695.75 as of June 30, 2016, the payment of state aid in the following fiscal year was \$828,989.

REQUIRED SUPPLEMENTAL INFORMATION
PART 11

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 10,315,787.89	\$	\$ 10,315,787.89	\$ 10,315,787.89	\$
Tuition - Other LEAs	1,501,905.00		1,501,905.00	1,551,930.55	50,025.55
Transportation Fees from Other LEAs	110,000.00		110,000.00	124,791.00	14,791.00
Interest on Investments	487.00		487.00	18,506.83	18,019.83
Interest on Capital Reserve Account	930.00		930.00	8,650.00	7,720.00
Miscellaneous	12,891.00		12,891.00	75,020.72	62,129.72
Total Revenues - Local Sources	11,942,000.89		11,942,000.89	12,094,686.99	152,686.10
State Sources:					
Categorical Special Education	725,636.00		725,636.00	725,636.00	
Transportation Aid	381,399.00		381,399.00	381,399.00	
Equalization Aid	7,422,943.00		7,422,943.00	7,422,943.00	
Categorical Security Aid	173,504.00		173,504.00	173,504.00	
PARCC Readiness Aid	12,550.00		12,550.00	12,550.00	
Per Pupil Growth Aid	12,550.00		12,550.00	12,550.00	
Other State Aids - Out of Cap					
Extraordinary Aid	46,000.00		46,000.00	117,399.00	71,399.00
Non-Public Transportation Aid				17,139.00	17,139.00
Homeless Aid				19,811.00	19,811.00
Family Crisis Transportation Aid				15,922.65	15,922.65
On-behalf TPAF - Post Ret. Med (non-budgeted)				770,373.00	770,373.00
On-behalf TPAF Pension Contribution (non-budgeted)				646,978.00	646,978.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				591,059.45	591,059.45
Total Revenues - State Sources	8,774,582.00		8,774,582.00	10,907,264.10	2,132,682.10
Federal Sources:					
Medicaid (Semi)	23,789.00		23,789.00	47,211.54	23,422.54
Total Revenues - Federal Sources	23,789.00		23,789.00	47,211.54	23,422.54
Total Revenues	20,740,371.89		20,740,371.89	23,049,162.63	2,308,790.74
EXPENDITURES					
CURRENT EXPENSE:					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool/Kindergarten	603,830.00	(899.18)	602,930.82	602,930.82	
Grades 1-5	3,590,872.00	(314,629.39)	3,276,242.61	3,250,514.61	25,728.00
Grades 6-8	610,677.00		610,677.00	594,086.93	16,590.07
Home Instruction:					
Salaries of Teachers	4,832.00	4,501.00	9,333.00	9,333.00	
Purchased Professional-Educational Services	3,000.00	2,995.00	5,995.00	5,612.28	382.72
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	9,700.00		9,700.00	3,995.00	5,705.00
Other Purchased Services	142,508.00	3,302.26	145,810.26	136,951.08	8,859.18
General Supplies	473,711.00	37,447.02	511,158.02	421,345.98	89,812.04
Textbooks	127,162.00	(6,396.09)	120,765.91	120,765.33	0.58
Other Objects	38,090.00	946.54	39,036.54	28,037.23	10,999.31
Total Regular Programs	5,604,382.00	(272,732.84)	5,331,649.16	5,173,572.26	158,076.90
Special Education - Instruction					
Learning and/or Language Disabilities:					
Salaries of Teachers	208,529.00	3,857.41	212,386.41	143,021.75	69,364.66
Other Salaries for Instruction	112,472.00	151.24	112,623.24	63,213.91	49,409.33
General Supplies	2,548.00	116.05	2,664.05	2,664.05	
Total Learning and/or Language Disabilities	323,549.00	4,124.70	327,673.70	208,899.71	118,773.99
Multiple Disabilities:					
Salaries of Teachers	107,134.00	2,588.65	109,722.65	109,580.50	142.15
Other Salaries for Instruction	32,474.00	26,060.03	58,534.03	57,841.87	692.16
General Supplies	4,373.00	(2,461.45)	1,911.55	1,101.47	810.08
Textbooks	400.00		400.00		400.00
Total Multiple Disabilities	144,381.00	26,187.23	170,568.23	168,523.84	2,044.39

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,049,534.00	\$ (8,212.76)	\$ 1,041,321.24	\$ 1,038,172.14	\$ 3,149.10
Other Salaries for Instruction	144,084.00	15,387.42	159,471.42	159,287.88	183.54
General Supplies	11,994.00	(4,632.00)	7,362.00	6,996.06	365.94
Total Resource Room/Resource Center	1,205,612.00	2,542.66	1,208,154.66	1,204,456.08	3,698.58
Preschool Disabilities - Part Time:					
Salaries of Teachers	101,236.00	937.50	102,173.50	102,173.50	
Other Salaries For Instruction	40,955.00	12,410.52	53,365.52	53,365.48	0.04
General Supplies	2,350.00	327.40	2,677.40	2,368.54	308.86
Total Preschool Disabilities - Part Time	144,541.00	13,675.42	158,216.42	157,907.52	308.90
Home Instruction:					
Salaries of Teachers	4,500.00		4,500.00		4,500.00
Purchased Professional - Educational Services	7,680.00	(1,000.00)	6,680.00		6,680.00
Other Purchased Services	150.00		150.00		150.00
Total Home Instruction	12,330.00	(1,000.00)	11,330.00		11,330.00
Total Special Education - Instruction	1,830,413.00	45,530.01	1,875,943.01	1,739,787.15	136,155.86
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	527,566.00	2,311.63	529,877.63	506,687.64	23,189.99
Total Basic Skills/Remedial - Instruction	527,566.00	2,311.63	529,877.63	506,687.64	23,189.99
Bilingual Education - Instruction:					
Salaries of Teachers	18,243.00	4,575.30	22,818.30	22,818.26	0.04
General Supplies		34.62	34.62		34.62
Total Bilingual Education - Instruction	18,243.00	4,609.92	22,852.92	22,818.26	34.66
School Sponsored Co-curricular Activities - Instruction:					
Salaries	23,386.00	(1,208.58)	22,177.42	22,177.42	
Transfer to Cover Deficit (Agency Funds)	3,000.00		3,000.00		3,000.00
Total School Sponsored Co-curricular Activities - Instruction	26,386.00	(1,208.58)	25,177.42	22,177.42	3,000.00
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	192,146.00	(2,799.12)	189,346.88	189,346.88	
Total Other Supplemental/At-Risk Programs-Instruction	192,146.00	(2,799.12)	189,346.88	189,346.88	
Total - Instruction	8,199,136.00	(224,288.98)	7,974,847.02	7,654,389.61	320,457.41
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within State-Special	30,000.00	34,217.34	64,217.34	38,187.07	26,030.27
Tuition - Other LEAs Within State-Regular	91,900.00	(61,900.00)	30,000.00		30,000.00
Tuition - CSSD & Regional Day Schools	568,988.00	(241,171.24)	327,816.76	271,192.00	56,624.76
Tuition - Private Schools/Disabled Within State	241,841.00	161,745.44	403,586.44	391,474.12	12,112.32
Tuition - Private Schools/Disabled Other LEA's out-state	93,949.00	4,756.00	98,705.00	98,705.00	
Total Undistributed Expenditures - Instruction	1,026,678.00	(102,352.46)	924,325.54	799,558.19	124,767.35
Attendance and Social Work Services:					
Salaries	11,205.00		11,205.00	11,205.00	
Other Purchased Services	800.00		800.00	481.43	318.57
Total Attendance and Social Work Services	12,005.00		12,005.00	11,686.43	318.57
Health Services:					
Salaries	218,659.00	2,823.14	221,482.14	214,631.21	6,850.93
Purchased Professional and Technical Services	13,000.00		13,000.00	12,000.00	1,000.00
Other Purchased Services	410.00	(23.00)	387.00	323.84	63.16
Supplies and Materials	9,493.00	259.00	9,752.00	8,597.10	1,154.90
Total Health Services	241,562.00	3,059.14	244,621.14	235,552.15	9,068.99

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Students - Related Services:					
Salaries	\$ 406,522.00	\$ (2,137.94)	\$ 404,384.06	\$ 299,226.99	\$ 105,157.07
Purchased Professional - Educational Services	62,813.00	(10,000.00)	52,813.00	47,667.00	5,146.00
Supplies and Materials	5,125.00		5,125.00	4,843.00	282.00
Total Other Support Services - Students - Related Services	474,460.00	(12,137.94)	462,322.06	351,736.99	110,585.07
Special Education - Extraordinary Services:					
Salaries	37,227.00	(4,935.12)	32,291.88	31,221.88	1,070.00
Purchased Professional-Educational Services	68,674.00	(7,000.00)	61,674.00	15,063.00	46,611.00
Supplies and Materials	2,000.00	2,000.00	4,000.00	3,411.98	588.02
Total Special Education - Extraordinary Services	107,901.00	(9,935.12)	97,965.88	49,696.86	48,269.02
Other Support Services - Students - Guidance Regular:					
Salaries of Other Professional Staff	151,555.00	(2,772.08)	148,782.92	148,782.92	
Other Salaries	4,080.00		4,080.00	253.50	3,826.50
Other Purchased Professional and Technical Services	4,457.00	(3,125.00)	1,332.00	758.25	573.75
Other Purchased Services	1,100.00	450.00	1,550.00	1,550.00	
Supplies and Materials	5,697.00	(748.00)	4,949.00	4,948.08	0.92
Total Other Support Services - Students - Regular	166,889.00	(6,195.08)	160,693.92	156,292.75	4,401.17
Other Support Services - Students - Special Services:					
Child Study Team					
Salaries of Other Professional Staff	383,984.00	7,808.00	391,792.00	391,792.00	
Salaries of Secretarial and Clerical Assistants	41,032.00		41,032.00	41,032.00	
Other Purchased Professional and Technical Services	12,252.00	8,200.00	20,452.00	16,114.45	4,337.55
Miscellaneous Purchased Services	20,800.00		20,800.00	20,463.23	10,336.77
Supplies and Materials	6,620.00		6,620.00	6,267.64	352.36
Other Objects	1,000.00		1,000.00	820.00	180.00
Total Other Support Services - Students - Special Services	465,688.00	16,008.00	481,696.00	466,489.32	15,206.68
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	164,000.00	2,152.50	166,152.50	166,152.50	
Salaries of Secretarial and Clerical Assistants	30,064.00	1.04	30,065.04	30,065.00	0.04
Other Salaries	4,120.00	352.00	4,472.00	4,472.00	
Salaries of Facilitators, Math & Literacy Coaches	114,088.00	(344.00)	113,744.00	111,876.00	1,868.00
Other Purchased Professional and Technical Services	6,565.00	40,130.00	46,695.00	46,694.60	0.40
Other Purchased Services	1,000.00	645.00	1,645.00	1,298.09	346.91
Supplies and Materials	2,500.00	1,300.00	3,800.00	3,701.56	98.44
Other Objects	4,720.00	(2,514.00)	2,206.00	2,206.00	
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	327,057.00	41,722.54	368,779.54	366,465.75	2,313.79
Educational Media Services/School Library:					
Salaries	102,784.00	2,240.00	105,024.00	99,702.71	5,321.29
Supplies and Materials	13,440.00	875.00	14,315.00	13,364.00	951.00
Total Educational Media Services/School Library	116,224.00	3,115.00	119,339.00	113,066.71	6,272.29
Instructional Staff Training Services:					
Other Salaries	30,950.00	(28,078.00)	2,872.00	2,872.00	
Purchased Professional - Educational Services	24,149.00	(2,379.80)	21,769.20	21,769.20	
Other Purchased Professional and Tech Services	4,950.00	(627.81)	4,322.19	1,321.19	3,001.00
Other Purchased Services	10,000.00	(762.36)	9,237.64	5,267.21	3,970.43
Supplies and Materials	4,900.00	626.97	5,526.97	3,748.17	1,778.80
Other Objects		150.00	150.00	150.00	
Total Instructional Staff Training Services	74,949.00	(31,071.00)	43,878.00	35,127.77	8,750.23
Support Services General Administration:					
Salaries	236,111.00	(1,373.72)	234,737.28	234,690.12	47.16
Legal Services	44,000.00	(7,624.00)	36,376.00	23,939.00	12,437.00
Audit Fees	15,481.00	559.00	16,040.00	16,040.00	
Architectural/Engineering Services	2,500.00	3,500.00	6,000.00	3,500.00	2,500.00
Other Purchased Professional Services	17,697.00	(559.00)	17,138.00	16,556.27	581.73
Purchased Technical Services	23,000.00		23,000.00	10,181.75	12,818.25
Communications/Telephone	58,586.00	(2,350.00)	56,236.00	48,699.29	7,536.71
BOE Other Purchased Services	1,850.00	200.00	2,050.00	1,636.40	413.60
Other Purchased Services	76,640.00	(1,200.00)	75,440.00	40,977.62	34,462.38
General Supplies	30,750.00	4,054.00	34,804.00	10,473.36	24,330.64
Miscellaneous Expenditures	7,750.00	(20.00)	7,730.00	2,837.00	4,893.00
BOE Membership Dues and Fees	9,830.00	240.00	10,070.00	9,609.14	460.86
Total Support Services General Administration	524,195.00	(4,573.72)	519,621.28	419,139.95	100,481.33

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
Support Services School Administration:					
Salaries of Principals/Assistant Principals	\$ 306,615.00	\$ 12,848.63	\$ 319,463.63	\$ 319,463.55	\$ 0.08
Salaries of Secretarial and Clerical Assistants	109,850.00	5,096.98	114,946.98	114,946.94	0.04
Unused Vacation Payment to Termin/Retired Staff		7,871.75	7,871.75	7,871.75	
Other Purchased Services	8,042.00	(942.00)	7,100.00	2,769.41	4,330.59
Supplies and Materials	15,300.00	1,462.58	16,762.58	14,701.95	2,060.63
Other Objects	9,969.00	(210.00)	9,759.00	6,821.08	2,937.92
Total Support Services School Administration	449,776.00	26,127.94	475,903.94	466,574.68	9,329.26
Central Services:					
Salaries	267,940.00	(10,814.49)	257,125.51	257,115.00	10.51
Purchased Professional Services	3,700.00	163.00	3,863.00	3,700.00	163.00
Purchased Technical Services	17,721.00	8,259.00	25,980.00	25,884.00	96.00
Miscellaneous Purchased Services	4,272.00	(1,941.23)	2,330.77	2,330.77	
Supplies and Materials	4,115.00	5,274.00	9,389.00	5,356.71	4,032.29
Other Objects	2,150.00	(274.00)	1,876.00	990.00	886.00
Total Central Services	299,898.00	666.28	300,564.28	295,376.48	5,187.80
Administration Information Technology:					
Salaries	4,080.00	1,020.00	5,100.00	5,100.00	
Purchased Technical Services	140,000.00	(35,000.00)	105,000.00	105,000.00	
Other Objects	100.00		100.00		100.00
Total Administration Information Technology	144,180.00	(33,980.00)	110,200.00	110,100.00	100.00
Required Maintenance for School Facilities:					
Salaries	155,990.00	155,540.55	311,530.55	153,852.23	157,678.32
Cleaning, Repair and Maintenance Services	388,400.00	286,060.47	674,460.47	200,573.85	473,886.62
General Supplies	46,650.00	20,942.99	67,592.99	20,064.99	47,528.00
Other Objects		3,385.00	3,385.00	3,385.00	
Total Allowable Maintenance for School Facilities	591,040.00	465,929.01	1,056,969.01	377,876.07	679,092.94
Other Operation and Maintenance of Plant Services:					
Salaries	634,877.00	34.42	634,911.42	634,911.42	
Salaries of Non-Instructional Aides	43,391.00	2,690.00	46,081.00	40,419.23	5,661.77
Purchased Professional and Technical Services	18,200.00	(4,300.00)	13,900.00	9,428.60	4,471.40
Cleaning, Repair and Maintenance Services	39,986.00	(11,178.38)	28,807.62	28,493.13	314.49
Other Purchased Property Services	1,345.00		1,345.00	207.00	1,138.00
Insurance	118,750.00		118,750.00	112,018.56	6,731.44
Miscellaneous Purchased Services	1,150.00		1,150.00	18.00	1,132.00
General Supplies	110,475.00	1,780.95	112,255.95	73,445.08	38,810.87
Energy (Natural Gas)	148,281.00	25,593.72	173,874.72	120,844.54	53,030.18
Energy (Electricity)	284,395.00		284,395.00	268,390.16	16,004.84
Other Objects	6,640.00		6,640.00	5,010.36	1,629.64
Total Other Operation and Maintenance of Plant Services	1,407,490.00	14,620.71	1,422,110.71	1,293,186.08	128,924.63
Care and Upkeep of Grounds:					
Salaries	102,581.00		102,581.00	86,685.98	15,895.02
Cleaning, Repair and Maintenance Services	500.00		500.00	500.00	
General Supplies	11,000.00	1,500.00	12,500.00	9,965.40	2,534.60
Total Care and Upkeep of Grounds	114,081.00	1,500.00	115,581.00	96,651.38	18,929.62
Security:					
Purchased Professional and Technical Services		759.00	759.00	759.00	
Cleaning, Repair and Maintenance Services	15,000.00	1,741.00	16,741.00	9,676.00	7,065.00
General Supplies	4,125.00		4,125.00		4,125.00
	19,125.00	2,500.00	21,625.00	10,435.00	11,190.00
Total Operation and Maintenance of Plant Services	2,131,736.00	484,549.72	2,616,285.72	1,778,148.53	838,137.19
Student Transportation Services:					
Salaries - Between Home & School - Regular	669,633.00	28,426.11	698,059.11	694,651.70	3,407.41
Salaries - Between Home & School - Special	311,949.00	(53,309.85)	258,639.15	213,777.87	44,861.28
Salaries - Other Than Home & School	27,890.00		27,890.00		27,890.00
Other Purchased Professional and Technical Services	1,300.00	200.00	1,500.00	1,373.00	127.00
Cleaning, Repair and Maintenance Services	8,000.00	74,767.46	82,767.46	62,827.26	19,940.20
Contracted Serv.-Aid in Lieu of Payments-Non-Pub Sch	22,100.00	4,816.00	26,916.00	17,566.97	9,349.03
Contracted Serv-Aid in Lieu of Payments-Charter School	1,768.00		1,768.00		1,768.00
Contracted Serv-Aid in Lieu of Payments-Choice School		884.00	884.00	884.00	
Contracted Services (Home/School) - Joint Agreements	61,880.00	50,705.20	112,585.20	102,765.31	9,819.89
Contracted Services (Special Ed) - Joint Agreements	168,222.00		168,222.00	123,621.90	44,600.10
Contracted Services (Special Ed) - ESCs	1,000.00		1,000.00		1,000.00
Miscellaneous Purchased Services - Transportation	53,927.00	8,609.44	62,536.44	62,536.44	
General Supplies	1,350.00		1,350.00	1,000.00	350.00
Transportation Supplies	361,486.00	(5,717.46)	355,768.54	242,776.13	112,992.41
Other Objects	2,000.00		2,000.00	1,825.00	175.00
Total Student Transportation Services	1,692,505.00	109,380.90	1,801,885.90	1,525,605.58	276,280.32

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(UNAUDITED)

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Social Security Contributions	\$ 245,000.00	\$ 3,667.43	\$ 248,667.43	\$ 248,667.43	\$
Other Retirement Contributions - PERS	308,963.00	(41,703.00)	267,260.00	267,260.00	
Other Retirement Contributions - Regular	12,683.00	7,008.26	19,691.26	19,467.80	223.46
Unemployment Compensation		63,757.80	63,757.80	31,405.00	32,352.80
Workmen's Compensation	194,799.00	(37,054.80)	157,744.20	157,744.20	
Health Benefits	3,955,361.00	(483,161.45)	3,472,199.55	3,337,468.72	134,730.83
Tuition Reimbursement	14,400.00	13,000.00	27,400.00	23,438.00	3,962.00
Other Employee Benefits	81,200.00	(7,771.75)	73,428.25	71,573.96	1,854.29
Unused Sick Pay to Terminated / Retired Staff	15,250.00		15,250.00	7,587.50	7,662.50
Total Unallocated Benefits	4,827,656.00	(482,257.51)	4,345,398.49	4,164,612.61	180,785.88
On-behalf TPAF Pension Contributions (non-budgeted)				646,978.00	(646,978.00)
On-behalf TPAF Pension Cont - Post Ret. Med (non-budgeted)				770,373.00	(770,373.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				591,059.45	(591,059.45)
Total Undistributed Expenditures	13,083,359.00	2,126.69	13,085,485.69	13,353,641.20	(268,155.51)
Interest Earned on Maintenance Reserve	487.00		487.00		487.00
Total Expenditures - Current Expenses	21,282,982.00	(222,162.29)	21,060,819.71	21,008,030.81	52,788.90
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	3,521.00		3,521.00	2,514.39	1,006.61
Undistributed Expenditures:					
School Administration	7,000.00	700.00	7,700.00	7,700.00	
Administrative Info. Technology		83,496.30	83,496.30	83,496.30	
Required Maintenance for School Facilities		117,398.00	117,398.00	117,398.00	
Care and Upkeep of Grounds	15,000.00		15,000.00	13,657.00	1,343.00
Security		40,000.00	40,000.00		40,000.00
Student Transportation-School Buses-Special		58,753.00	58,753.00	58,753.00	
Total Equipment	25,521.00	300,347.30	325,868.30	283,518.69	42,349.61
Facilities Acquisition and Construction Services:					
Interest Deposit into Capital Reserve	930.00		930.00		930.00
Other Objects - Assessment for SDA Debt Service	8,491.00		8,491.00	8,491.00	
Total Facilities Acquisition and Construction Services	9,421.00		9,421.00	8,491.00	930.00
Total Capital Outlay	34,942.00	300,347.30	335,289.30	292,009.69	43,279.61
Total Expenditures	21,317,924.00	78,185.01	21,396,109.01	21,300,040.50	96,068.51
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(577,552.11)	(78,185.01)	(655,737.12)	1,749,122.13	2,404,859.25
Other Financing Sources (Uses):					
Transfer to Cover Deficit in Food Service Fund	-	(30,000.00)	(30,000.00)		30,000.00
Transfer to Charter School	(13,488.00)	13,488.00			
Total Other Financing Sources (Uses)	(13,488.00)	(16,512.00)	(30,000.00)		30,000.00
Excess (Deficiency) of Revenues and					
Other Financing Sources Over (Under)					
Expenditures and Other Financing Uses	(591,040.11)	(94,697.01)	(685,737.12)	1,749,122.13	2,434,859.25
Fund Balance, July 1	3,422,344.58		3,422,344.58	3,422,344.58	
Fund Balance, June 30	\$ 2,831,304.47	\$ (94,697.01)	\$ 2,736,607.46	\$ 5,171,466.71	\$ 2,434,859.25
Recapitulation of Fund Balances:					
Restricted Fund Balance:					
Excess Surplus				\$ 163,402.62	
Excess Surplus - Designated for Subsequent Year's Expenditures				87,804.00	
Maintenance Reserve				928,506.00	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				149,800.00	
Emergency Reserve				250,000.00	
Capital Reserve				1,998,786.00	
Capital Reserve - Designated for Subsequent Year's Expenditures				848,475.00	
Committed to Year - End Encumbrances				223,249.84	
Assigned:					
Designated for Subsequent Year's Expenditures				31,150.00	
Unassigned - Fund Balance				490,293.25	
				5,171,466.71	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(828,989.00)	
Fund balance per governmental funds (GAAP)				\$ 4,342,477.71	

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$	\$	\$ 3,165.00	\$ 4,625.00	\$ 1,460.00
State Sources					
Federal Sources	610,169.00	158,344.60	768,513.60	718,734.67	(49,778.93)
Total Revenues	<u>610,169.00</u>	<u>161,509.60</u>	<u>771,678.60</u>	<u>723,359.67</u>	<u>(48,318.93)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	296,727.00	(90,619.08)	206,107.92	201,230.39	4,877.53
Purchase Prof/Tech Services		1,000.00	1,000.00	980.00	20.00
Other Purchased Services	313,442.00	90,156.00	403,598.00	403,598.00	0.00
Supplies and Materials		26,507.00	26,507.00	25,578.12	928.88
Total Instruction	<u>610,169.00</u>	<u>27,043.92</u>	<u>637,212.92</u>	<u>631,386.51</u>	<u>5,826.41</u>
Support Services					
Salaries		3,689.00	3,689.00	3,689.00	0.00
Personal Services - Employee Benefits		55,748.08	55,748.08	25,122.56	30,625.52
Purchased Prof.-Tech. Services		13,045.20	13,045.20	8,397.00	4,648.20
Other Purchased Services		58,316.22	58,316.22	51,478.11	6,838.11
Supplies & Materials		3,667.18	3,667.18	3,286.49	380.69
Total Support Services		<u>134,465.68</u>	<u>134,465.68</u>	<u>91,973.16</u>	<u>42,492.52</u>
Facilities Acquisition and Construction Services					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>610,169.00</u>	<u>161,509.60</u>	<u>771,678.60</u>	<u>723,359.67</u>	<u>48,318.93</u>
Total Outflows		<u>161,509.60</u>	<u>771,678.60</u>	<u>723,359.67</u>	<u>48,318.93</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) \$	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to RSI
As of June 30, 2016
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 23,049,162.63	[C-2] \$ 723,359.67
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		265.60
- Prior Year		
- Current Year		
Last state aid payment recognized for 13/14 is not recognized as revenue for budgetary purposes, and differs from GAAP which recognizes this revenue in the subsequent year when the state recognizes the related expense (GASB 33).	831,864.00	
Last state aid payment recognized for 14/15 is not recognized as revenue for budgetary purposes, and differs from GAAP which recognizes this revenue in the subsequent year when the state recognizes the related expense (GASB 33).	(828,989.00)	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	[B-2] \$ 23,052,037.63	[B-2] \$ 723,625.27
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 21,300,040.50	[C-2] \$ 723,359.67
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		265.60
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	[B-2] \$ 21,300,040.50	[B-2] \$ 723,625.27

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

Public Employee's Retirement System

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.03027%	0.03027%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,978,283	\$ 5,668,178
District's Covered-Employee Payroll	\$ 2,157,151	\$ 2,206,556
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	323.50%	256.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

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

SCHEDULE L-2

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

Public Employee's Retirement System

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 267,260	\$ 249,577
Contributions in Relation to the Contractually Required Contribution	<u>(267,260)</u>	<u>(249,577)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,157,151	\$ 2,206,556
Contributions as a Percentage of Covered-Employee Payroll	12.39%	11.31%

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

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

Teachers Pension Plan

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.07986%	0.07498%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 50,477,691	\$ 40,074,176
District's Covered-Employee Payroll	\$ 7,995,099	\$ 8,257,771
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	631.36%	485.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.64%

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

SCHEDULE L-4

Township of Franklin School District
Schedules of Required Supplementary Information Part III
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Combining Schedule of Revenues and Expenditures
Special Revenue Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	Title I-A	Title II-A	IDEA Part B Basic Reg. Prog.
REVENUES:			
Federal Sources	\$ 280,713.67	\$ 34,423.00	\$ 382,456.00
Other Sources			
Total Revenues	280,713.67	34,423.00	382,456.00
EXPENDITURES:			
Instruction:			
Salaries of Teachers	190,398.92	10,831.47	
Purchased Professional - Technical Services			
Other Purchased Services			382,456.00
Supplies & Materials	25,078.12		
Total Instruction	215,477.04	10,831.47	382,456.00
Support Services:			
Salaries		3,689.00	
Personnel Services - Employee Benefits	25,122.56		
Purchased Professional - Technical Services		8,397.00	
Other Purchased Services (400-500 series)	40,114.07	11,364.04	
Other Purchased Services Nonpublic			
Supplies and Materials		141.49	
Other Objects			
Total Support Services	65,236.63	23,591.53	
Facilities Acquisition and Construction Services			
Instructional Equipment			
Non Instructional Equipment			
Total Facilities Acquisition and Construction Services			
Total Expenditures	280,713.67	34,423.00	382,456.00
Excess (Deficiency) of Revenues Over (Under)			
Expenditures and Other Financing Sources (Uses)	\$	\$	\$

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Combining Schedule of Revenues and Expenditures
Special Revenue Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for June 30, 2015)

	IDEA Part B Preschool	NJASBO Safety Grant	Exxon Mobile Grant	Total	
				2016	2015
REVENUES:					
Federal Sources	\$ 21,142.00	\$	\$	\$ 718,734.67	\$ 663,071.42
Other Sources		3,145.00	1,480.00	4,625.00	3,000.00
Total Revenues	21,142.00	3,145.00	1,480.00	723,359.67	666,071.42
EXPENDITURES:					
Instruction:					
Salaries of Teachers				201,230.39	203,614.54
Purchased Professional - Technical Services			980.00	980.00	
Other Purchased Services	21,142.00			403,598.00	368,755.00
Supplies & Materials			500.00	25,578.12	16,325.55
Total Instruction	21,142.00		1,480.00	631,386.51	588,695.09
Support Services:					
Salaries				3,689.00	22,361.65
Personnel Services - Employee Benefits				25,122.56	32,727.58
Purchased Professional - Technical Services				8,397.00	12,446.85
Other Purchased Services (400-500 series)				51,478.11	7,089.00
Supplies and Materials		3,145.00		3,286.49	2,751.25
Total Support Services		3,145.00		91,973.16	77,376.33
Facilities Acquisition and Construction Services					
Non Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	21,142.00	3,145.00	1,480.00	723,359.67	666,071.42
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Number</u>	<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance 6/30/16</u>	<u>Memo Only</u>	
		<u>Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>		<u>Encumbrances</u>	<u>Available Balance</u>
2013	Replacement of Roof and Various Upgrades to the Heating, Ventilation and Air Conditioning System at the Mary F. Janvier Elementary School	\$ 2,332,440.00	\$ 1,969,417.06	\$	\$ 363,022.94	\$	\$ 363,022.94
	Replacement of Roof and Various Upgrades to the Heating, Ventilation and Air Conditioning System at the Main Road Elementary School	2,328,702.90	1,668,340.63		660,362.27		660,362.27
	Roof and HVAC Replacement at Caroline L. Reutter Elementary School	2,160,720.00	1,929,529.16		231,190.84		231,190.84
		<u>\$ 6,821,862.90</u>	<u>\$ 5,567,286.85</u>	<u>\$</u>	<u>\$ 1,254,576.05</u>	<u>\$</u>	<u>\$ 1,254,576.05</u>
	Unearned SDA Aid Restricted Balance				\$ 113,154.71		
					1,141,421.34		
					<u>\$ 1,254,576.05</u>		

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

**Revenues and Other Financing
Sources**

Transfer from Capital Reserve	\$	
NJSDA State Share		
Total revenues		

**Expenditures and Other Financing
Uses**

Architectural and Engineering Services		
Other Professional and Technical Services		
Construction services		
Total expenditures		

Excess (deficiency) of revenues over (under) expenditures		
Fund Balance - beginning		1,141,421.34
Fund Balance - ending	\$	1,141,421.34

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

Renovations to Mary F. Janvier and Main Road Schools

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 2,328,702.90	\$	\$ 2,328,702.90	\$ 2,328,702.90
Transfer from General Fund	440.00		440.00	440.00
Bond Proceeds & Transfers	2,332,000.00		2,332,000.00	2,332,000.00
Total revenues	4,661,142.90		4,661,142.90	4,661,142.90
Expenditures and Other Financing Uses				
Other Professional and Technical Services	419,016.32		419,016.32	454,950.00
Construction services	3,217,699.37		3,217,699.37	4,130,474.90
Other Objects	1,042.00		1,042.00	75,718.00
Total expenditures	3,637,757.69		3,637,757.69	4,661,142.90
Excess (deficiency) of revenues over (under) expenditures	\$ 1,023,385.21	\$	\$ 1,023,385.21	\$
Additional project information:				
Project Number	4150-040-05-0ACQ			
Grant date	N/A			
Original Authorization Cost	\$4,660,704			
Additional Authorized Cost				
Revised Authorized Cost	\$4,660,704			
Percentage Decrease over Original Authorized Cost	N/A			
Percentage Completion	100%			
Original Target Completion Date	N/A			
Revised Target Completion Date	9/6/2014			

FRANKLIN TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

Roof and HVAC Repair at Caroline L. Reutter Elementary School

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

Additional project information:

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

PROPRIETARY FUNDS DETAIL STATEMENTS

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

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

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

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Enterprise Fund
Food Services
Combining Schedule of Net Position
As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS:		
Current Assets:		
Cash	\$ 50,655.36	\$ (7,758.22)
Accounts Receivable:		
State	237.82	1,231.04
Federal	14,901.92	59,932.15
Other	1,104.88	1,474.77
Inventories	18,584.35	20,102.30
Total Current Assets	<u>85,484.33</u>	<u>74,982.04</u>
Fixed Assets:		
Equipment	277,060.02	277,060.02
Accumulated Depreciation	(202,719.13)	(200,587.35)
Total Fixed Assets	<u>74,340.89</u>	<u>76,472.67</u>
Total Assets	<u>\$ 159,825.22</u>	<u>\$ 151,454.71</u>
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts Payable	\$ 419.50	\$ 1,820.25
Unearned Revenue	16,760.60	14,080.30
Total Current Liabilities	<u>17,180.10</u>	<u>15,900.55</u>
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	74,340.89	74,340.89
Committed for Capital Purchases	47,765.00	
Unreserved Retained Earnings	20,539.23	61,213.27
Total NET POSITION	<u>142,645.12</u>	<u>135,554.16</u>
Total Liabilities and Net Position	<u>\$ 159,825.22</u>	<u>\$ 151,454.71</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Enterprise Fund
Food Services
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:		
Local Sources		
Daily Sales - Reimbursable Programs:		
Lunch, Breakfast and Special Milk Program	\$ 164,226.90	\$ 162,710.65
Total - Daily Sales - Reimbursable Programs	<u>164,226.90</u>	<u>162,710.65</u>
Daily Sales Non-reimbursable Programs	<u>94,785.98</u>	<u>92,338.69</u>
Total Operating Revenue	<u>259,012.88</u>	<u>255,049.34</u>
OPERATING EXPENSES:		
Salaries	232,081.74	262,361.94
Employee Benefits	82,191.66	45,670.50
Purchased Property Services	29,212.68	28,785.12
Repairs and Other Expenses	65,459.93	30,107.17
Depreciation	2,131.78	2,131.78
Cost of Sales	<u>235,057.88</u>	<u>243,269.97</u>
Total Operating Expenses	<u>646,135.67</u>	<u>612,326.48</u>
Operating Income (Loss)	<u>(387,122.79)</u>	<u>(357,277.14)</u>
NON-OPERATING REVENUES:		
State Sources:		
State School Lunch Program	5,962.74	5,962.74
Federal Sources:		
National School Lunch Program	222,534.17	211,111.42
National School Breakfast Program	114,427.09	107,493.53
Special Milk Program	603.91	500.48
Food Distribution Program	<u>50,685.84</u>	<u>42,473.01</u>
Total Non-operating Revenues	<u>394,213.75</u>	<u>367,541.18</u>
Net Income (Loss) before Operating Transfers	<u>7,090.96</u>	<u>10,264.04</u>
OPERATING TRANSFERS:		
Net Income (Loss)	<u>7,090.96</u>	<u>10,264.04</u>
Net Position- July 1	<u>135,554.16</u>	<u>125,290.12</u>
Net Position - June 30	<u>\$ 142,645.12</u>	<u>\$ 135,554.16</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Enterprise Fund
Food Services
Combining Schedule of Cash Flows
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 259,012.88	\$ 255,049.34
Payments to Employees and Employee Benefits	(314,273.40)	(308,032.44)
Payments to Suppliers	(229,853.81)	(295,964.66)
Net Cash Provided (Used) by Operating Activities	<u>(285,114.33)</u>	<u>(348,947.76)</u>
Cash Flows from Non-capital Financing Activities:		
Cash Received from General Fund		
Cash Received from State & Federal Reimbursements	343,527.91	325,068.17
Net Cash Provided by Non-capital Financing Activities	<u>343,527.91</u>	<u>325,068.17</u>
Net Increase in Cash and Cash Equivalents	<u>58,413.58</u>	<u>(23,879.59)</u>
Cash and Cash Equivalents, July 1	<u>(7,758.22)</u>	<u>16,121.37</u>
Cash and Cash Equivalents, June 30	<u>\$ 50,655.36</u>	<u>\$ (7,758.22)</u>
Operating Income (Loss)	\$ (387,122.79)	\$ (357,277.14)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Depreciation	2,131.78	2,131.78
Food Distribution Program	50,685.84	42,473.01
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	46,393.34	(36,711.64)
(Increase)/Decrease in Inventory	1,517.95	(3,563.76)
Increase/(Decrease) in Accounts Payable	(1,400.75)	1,777.49
Increase/(Decrease) in Unearned Revenue	2,680.30	2,222.50
Net Cash Provided (Used) by Operating Activities	<u>\$ (285,114.33)</u>	<u>\$ (348,947.76)</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Net Position
As of June 30, 2016 and 2015

	2016	2015
ASSETS:		
Cash and Cash Equivalents	\$ 9,319.79	\$ 9,319.79
Total Assets	\$ 9,319.79	\$ 9,319.79
 LIABILITIES:		
Unearned Revenues	\$ 9,319.79	\$ 9,319.79
Total Liabilities	\$ 9,319.79	\$ 9,319.79

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES:		
Bus Repair and Maintenance Services		
LEAs Within the State	\$	\$
Services Provided by Other LEAs		
Total Operating Revenue		
OPERATING EXPENSES:		
Salaries		
Employee Benefits		
Repairs and Maintenance		
Supplies		
Other		
Total Operating Expenses		
Net Income (Loss)		
Net Position - July 1	9,319.79	9,319.79
Net Position - June 30	\$ 9,319.79	\$ 9,319.79

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$	\$
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities		
(Increase)/Decrease in Intergovernmental Accounts Receivable		
Increase/(Decrease) in Unearned Revenue		
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Non-capital Financing Activities:		
Cash Received from State & Federal Reimbursements		
Net Cash Provided by Non-capital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets		
Net Cash Used for Capital and Related Financing Activities		
Net Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents, July 1	9,319.79	9,319.79
Cash and Cash Equivalents, June 30	\$ 9,319.79	\$ 9,319.79

FIDUCIARY FUNDS

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

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
As of June 30, 2016
(With Comparative Totals for June 30, 2015)

	Expendable Trust Fund Unemployment Expendable Insurance	Agency		Totals	
		Student Activity	Payroll	2016	2015
ASSETS:					
Cash and Cash Equivalents	\$ 358,851.98	\$ 18,036.23	\$ 356,341.07	\$ 733,229.28	\$ 851,675.08
Total Assets	\$ 358,851.98	\$ 18,036.23	\$ 356,341.07	\$ 733,229.28	\$ 851,675.08
LIABILITIES AND NET POSITION:					
Liabilities:					
Interfund Payable - General	\$	\$	\$ 1,017.71	\$ 1,017.71	\$ 77,452.66
Payroll Deductions & Withholdings			355,323.36	355,323.36	436,672.05
Due to Student Groups		18,036.23		18,036.23	14,886.02
Total Liabilities		18,036.23	356,341.07	374,377.30	529,010.73
NET POSITION:					
Reserved - Unemployment Claims	358,851.98			358,851.98	322,664.35
Total Net Position	358,851.98			358,851.98	322,664.35
Total Liabilities and Net Position	\$ 358,851.98	\$ 18,036.23	\$ 356,341.07	\$ 733,229.28	\$ 851,675.08

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016
(With Comparative Totals for the Fiscal Year Ended June 30, 2015)

	Unemployment Compensation Insurance Trust Fund	Totals	
		2016	2015
OPERATING REVENUES:			
Local Sources:			
Deductions from Employees' Salaries	\$ 61,807.72	\$ 61,807.72	\$ 13,875.57
Interest on Investments	1,607.16	1,607.16	1,575.36
Total Operating Revenues	63,414.88	63,414.88	15,450.93
OPERATING EXPENDITURES:			
Unemployment Compensation Insurance Claims	27,227.25	27,227.25	9,247.10
Total Operating Expenditures	27,227.25	27,227.25	9,247.10
Operating Income (Loss)	36,187.63	36,187.63	6,203.83
Net Position - July 1	322,664.35	322,664.35	316,460.52
Net Position - June 30	\$ 358,851.98	\$ 358,851.98	\$ 322,664.35

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Accounts Receivable</u>	<u>Balance June 30, 2016</u>
ELEMENTARY SCHOOLS:					
Student Activity General	\$ 12,187.07	\$ 15,216.80	\$ 12,354.00	\$	\$ 15,049.87
Main Road Fundraising	2,371.79				2,371.79
Caroline L. Reutter Fundraising	327.16	1,619.94	1,332.53		614.57
Total Elementary Schools	<u>\$ 14,886.02</u>	<u>\$ 16,836.74</u>	<u>\$ 13,686.53</u>	<u>\$</u>	<u>\$ 18,036.23</u>

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 514,124.71	\$ 13,662,827.38	\$ 13,820,611.02	\$ 356,341.07
Total Assets	\$ 514,124.71	\$ 13,662,827.38	\$ 13,820,611.02	\$ 356,341.07
LIABILITIES:				
Net Payroll	\$	\$ 6,553,295.16	\$ 6,553,295.16	\$
Interfund Payable - General	77,452.66		76,434.95	1,017.71
Payroll Deductions and Withholdings	436,672.05	7,109,532.22	7,190,880.91	355,323.36
Total Liabilities	\$ 514,124.71	\$ 13,662,827.38	\$ 13,820,611.02	\$ 356,341.07

LONG-TERM DEBT

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Schedule of Serial Bonds
As of June 30, 2016

	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Renovations to Mary F. Janvier and Main Road Schools	6/30/13	\$2,332,000	6/15/17	\$ 135,000	2%	\$ 2,072,000.00		\$ 130,000.00	\$ 1,942,000.00
			6/15/18	140,000	2%				
			6/15/19	145,000	2%				
			6/15/20	150,000	3%				
			6/15/21-22	155,000	3%				
			6/15/23	165,000	3%				
			6/15/24	170,000	3%				
			6/15/25	175,000	3%				
			6/15/26	180,000	3%				
			6/15/27	185,000	3%				
			6/15/28	187,000	3%				
						\$ 2,072,000.00	\$	\$ 130,000.00	\$ 1,942,000.00

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2016

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2016</u>
Dell Financial Services #810-6687894-002	1.40%	\$ 151,448.75	\$	\$ 151,448.75	\$ 52,952.54	\$ 98,496.21
Totals			\$	\$ 151,448.75	\$ 52,952.54	\$ 98,496.21
					\$ (180,618.46)	
					233,571.00	
					\$ 52,952.54	

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Debt Service Fund Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 186,339.11	\$	\$ 186,339.11	\$ 186,339.11	\$
Total Revenues - Local Sources	186,339.11		186,339.11	186,339.11	
State Sources:					
Debt Service Aid Type II					
Total Revenues - State Sources					
Total Revenues	186,339.11		186,339.11	186,339.11	
EXPENDITURES					
Regular Debt Service:					
Interest	56,660.00		56,660.00	56,660.00	
Redemption of Principal	130,000.00		130,000.00	130,000.00	
Total Regular Debt Service	186,660.00		186,660.00	186,660.00	
Total Expenditures	186,660.00		186,660.00	186,660.00	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(320.89)			(320.89)	
Fund Balances, July 1	320.89		320.89	320.89	
Fund Balances, June 30	\$ (0.00)	\$	\$ 320.89	\$ (0.00)	\$
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$	\$	\$	\$	\$

STATISTICAL SECTION

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

	<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>	<u>2016</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 7,201,443.00	\$ 8,291,823.28	\$ 8,202,073.85	\$ 8,209,174.61	\$ 8,339,304.37	\$ 8,338,463.39	\$ 7,139,137.38	\$ 9,241,130.10	\$ 11,284,911.60	\$ 11,049,427.45
Restricted	2,115,339.16	729,802.32	1,314,002.96	1,889,262.46	2,458,214.08	3,355,613.82	5,317,080.44	4,857,287.06	4,132,549.24	5,568,194.96
Unrestricted	79,044.55	(6,754.67)	(52,366.52)	(273,744.27)	(273,744.27)	(260,940.99)	(54,578.11)	(833,357.82)	(5,685,802.78)	(5,786,361.28)
Total Governmental Activities Net assets	\$ 9,395,826.71	\$ 9,014,870.93	\$ 9,463,710.29	\$ 9,824,692.80	\$ 10,523,774.18	\$ 11,433,136.22	\$ 12,401,639.71	\$ 13,265,059.34	\$ 9,731,658.06	\$ 10,831,261.13
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 89,622.58	\$ 90,992.99	\$ 82,011.50	\$ 73,062.91	\$ 70,669.82	\$ 67,702.56	\$ 87,201.73	\$ 78,604.45	\$ 76,472.67	\$ 74,340.89
Restricted										47,765.00
Unrestricted	(32,489.85)	(38,513.54)	(14,568.37)	45,597.45	71,161.94	67,635.93	47,055.29	46,685.67	59,081.49	20,539.23
Total Business-Type Activities Net Position	\$ 57,132.73	\$ 52,479.45	\$ 67,443.13	\$ 118,660.36	\$ 141,831.76	\$ 135,338.49	\$ 134,257.02	\$ 125,290.12	\$ 135,554.16	\$ 142,645.12
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 7,291,065.58	\$ 8,382,816.27	\$ 8,284,085.35	\$ 8,282,237.52	\$ 8,409,974.19	\$ 8,406,165.95	\$ 7,226,339.11	\$ 9,319,734.55	\$ 11,361,384.27	\$ 11,123,768.34
Restricted	2,115,339.16	729,802.32	1,314,002.96	1,889,262.46	2,458,214.08	3,355,613.82	5,317,080.44	4,857,287.06	4,132,549.24	5,615,959.96
Unrestricted	46,554.70	(45,268.21)	(66,934.89)	(228,146.82)	(202,582.33)	(193,305.06)	(7,522.82)	(786,672.15)	(5,626,721.29)	(5,765,822.05)
Total District-Wide Net Position	\$ 9,452,959.44	\$ 9,067,350.38	\$ 9,531,153.42	\$ 9,943,353.16	\$ 10,665,605.94	\$ 11,568,474.71	\$ 12,535,896.73	\$ 13,390,349.46	\$ 9,867,212.22	\$ 10,973,906.25

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,063,002	\$ 5,465,351	\$ 5,612,092	\$ 6,053,072	\$ 5,529,636	\$ 5,520,612	\$ 5,647,723	\$ 5,810,317	\$ 5,770,417	\$ 5,912,651
Special Education	1,241,379	1,292,237	1,400,598	1,356,433	1,526,677	1,608,406	1,689,804	1,693,166	1,689,218	1,749,563
Other Instruction	227,394	330,287	429,715	429,424	409,140	483,330	499,561	478,559	530,690	551,683
Support Services										
Tuition	340,270	295,149	304,790	287,955	348,051	308,267	614,211	738,090	857,860	799,558
Student and Instruction Related Services	1,402,219	1,527,563	1,575,466	1,671,052	1,274,938	1,476,636	1,770,495	1,792,082	1,865,384	2,050,685
General Administrative Services	342,817	323,478	388,690	496,004	425,713	493,397	471,368	432,225	400,201	419,760
School Administrative Services	535,864	558,443	524,192	584,052	529,933	555,178	570,958	545,270	553,920	467,257
Central Services and Info. Technology	344,190	329,798	361,076	360,700	379,906	381,775	408,326	418,788	414,070	405,476
Plant Operations and Maintenance	1,711,947	1,807,200	1,594,076	1,742,311	1,580,662	1,627,003	1,807,721	1,757,088	1,773,798	1,859,222
Pupil Transportation	1,021,303	1,299,746	1,190,351	1,309,046	1,432,385	1,577,967	1,505,658	1,571,798	1,866,533	1,597,964
Employee Benefits	4,200,597	4,402,121	3,951,697	4,063,645	4,346,158	4,750,608	5,374,070	5,378,858	7,774,883	8,951,485
Debt Issue Costs	3,565	3,565	3,565	3,565	3,565	3,565	42,054			
Interest on Long-Term Debt	29,184	43,717	32,900	26,409	26,593	16,666	10,753	69,899	528,060	532,233
Unallocated Depreciation and Amortization	492,353	534,695	536,425	525,349	549,675	393,750	345,219	343,671		
Total Governmental Activities Expenses	16,956,082	18,213,350	17,905,632	18,909,019	18,363,032	19,197,160	20,757,921	21,029,811	24,025,033	25,297,538
Business-Type Activities										
Food Service										
Food Service	510,359	544,818	544,856	559,819	585,957	609,962	628,716	624,263	612,326	646,136
Total Business-Type Activities Expense	510,359	544,818	544,856	559,819	585,957	609,962	628,716	624,263	612,326	646,136
Total District Expenses	\$ 17,466,441	\$ 18,758,168	\$ 18,450,489	\$ 19,468,837	\$ 18,948,989	\$ 19,807,123	\$ 21,386,637	\$ 21,654,074	\$ 24,637,360	\$ 25,943,674
Program Revenues										
Governmental Activities										
Operating Grants and Contributions										
Operating Grants and Contributions	\$ 2,364,478	\$ 2,399,436	\$ 1,635,851	\$ 1,818,892	\$ 1,869,637	\$ 2,099,489	\$ 2,331,520	\$ 2,192,873	\$ 1,962,703	\$ 2,085,058
Total Governmental Activities Program Revenues	2,364,478	2,399,436	1,635,851	1,818,892	1,869,637	2,099,489	2,331,520	2,192,873	1,962,703	2,085,058
Business-Type Activities										
Charges for Services										
Food Service	340,321	334,904	352,438	322,492	342,208	323,401	301,985	272,089	255,049	259,013
Operating Grants and Contributions	198,509	195,250	207,382	238,657	266,920	280,068	325,649	343,207	367,541	394,214
Total Business-Type Activities Program Revenues	538,829	530,154	559,820	561,149	609,129	603,469	627,634	615,296	622,591	653,227
Total District Program Revenues	\$ 2,903,307	\$ 2,929,589	\$ 2,195,671	\$ 2,380,042	\$ 2,478,766	\$ 2,702,959	\$ 2,959,154	\$ 2,808,169	\$ 2,585,293	\$ 2,738,284
Net (Expense)/Revenue										
Governmental Activities										
Governmental Activities	\$ (14,591,604)	\$ (15,813,914)	\$ (16,269,781)	\$ (17,090,127)	\$ (16,493,394)	\$ (17,097,671)	\$ (18,426,401)	\$ (18,836,938)	\$ (22,062,330)	\$ (23,212,480)
Business-Type Activities										
Business-Type Activities	28,471	(14,664)	14,964	1,331	23,171	(6,493)	(1,082)	(8,967)	10,264	7,091
Total District-Wide Net Expense	\$ (14,563,133)	\$ (15,828,579)	\$ (16,254,818)	\$ (17,088,796)	\$ (16,470,223)	\$ (17,104,164)	\$ (18,427,483)	\$ (18,845,905)	\$ (22,052,066)	\$ (23,205,389)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 7,205,864	\$ 7,677,875	\$ 7,827,916	\$ 8,069,128	\$ 8,487,994	\$ 8,485,429	\$ 9,070,950	\$ 9,514,704	\$ 9,810,740	\$ 10,315,788
Taxes Levied for Debt Service	187,724	208,073	200,005	198,611	202,024	200,049	204,880	205,790	172,729	186,339
Unrestricted Grants and Contributions	7,399,414	7,277,944	8,362,366	8,924,023	8,202,894	8,595,288	8,586,155	8,796,742	11,907,689	12,031,057
Tuition Received	189,410	211,509	167,749	112,617	227,302	255,880	1,147,796	987,682	1,339,719	1,551,931
Investment Earnings	97,323	70,874	24,993	16,773	17,558	20,501	23,950	26,715	20,235	27,157
Transportation Revenue			87,926	145,079	189,075	165,207	262,828	169,210	109,817	124,791
Miscellaneous Income	122,313	106,847	40,432	42,681	64,844	60,855	110,478	16,898	103,612	75,021
Closeout of Capital Projects		(86,470)								
Transfer to Charter School			(7,751)	(7,917)	(8,376)	(16,895)	(12,133)	(13,206)		
Compensated Absences	28,952	(23,693)	14,985							
Transfers		(10,000)		(49,886)						
Total Governmental Activities	15,231,000	15,432,959	16,718,621	17,451,109	17,383,315	17,766,314	19,394,904	19,704,535	23,464,541	24,312,083
Business-Type Activities										
Transfer										
Transfer		10,000		49,886						
Total Business-Type Activities		10,000		49,886						
Total District-Wide	\$ 15,231,000	\$ 15,442,959	\$ 16,718,621	\$ 17,500,995	\$ 17,383,315	\$ 17,766,314	\$ 19,394,904	\$ 19,704,535	\$ 23,464,541	\$ 24,312,083
Change in Net Assets										
Governmental Activities										
Governmental Activities	\$ 639,396	\$ (380,956)	\$ 448,839	\$ 360,983	\$ 889,921	\$ 668,643	\$ 968,503	\$ 867,597	\$ 1,402,211	\$ 1,099,603
Business-Type Activities										
Business-Type Activities	28,471	(4,664)	14,964	51,217	23,171	(6,493)	(1,082)	(8,967)	10,264	7,091
Total District-Wide	\$ 667,866	\$ (385,620)	\$ 463,803	\$ 412,200	\$ 913,093	\$ 662,149	\$ 967,421	\$ 858,630	\$ 1,412,475	\$ 1,106,694

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted:	\$ 1,004,410.94	\$ 880,513.08	\$ 1,858,853.51	\$ 2,274,992.67	\$ 2,908,362.48	\$ 3,691,303.83	\$ 2,500,760.20	\$	\$	\$
Capital Reserve								1,699,168.98	1,730,000.00	2,847,261.00
Maintenance Reserve								1,438,293.00	1,078,306.00	1,078,306.00
Excess Surplus									87,804.00	251,206.62
Emergency Reserve										250,000.00
Committed to year-end Encumbrances								527,776.84	94,697.01	223,249.84
Assigned to Subsequent Year's Expenditures								62,878.00		31,150.00
Unrestricted	(31,002.06)	(11,843.12)	(387,866.56)	(514,515.53)	(278,930.53)	(443,397.60)	(358,367.00)	7,147,655.97	(400,326.43)	(338,695.75)
Total General Fund	\$ 973,408.88	\$ 868,669.96	\$ 1,470,986.95	\$ 1,760,477.14	\$ 2,629,431.95	\$ 3,247,906.23	\$ 2,142,393.20	\$ 10,875,772.79	\$ 2,590,480.58	\$ 4,342,477.71
All Other Governmental Funds	\$ 49,296.57	\$ 87,355.03	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund	(10,099.10)	(10,101.00)								
Capital Projects Fund	1,381,752.53						3,331,276.46	1,104,292.11	1,141,421.34	1,141,421.34
Debt Service Fund		0.50	0.50	0.24	0.48	0.72	0.72	(16,209.11)	320.89	
Permanent Fund										
Total All Other Governmental Funds	\$ 1,420,950.00	\$ 77,254.53	\$ 0.50	\$ 0.24	\$ 0.48	\$ 0.72	\$ 3,331,277.18	\$ 1,088,083.00	\$ 1,141,742.23	\$ 1,141,421.34

Source: CAFR Schedule B-1

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 7,393,588.02	\$ 7,885,948.00	\$ 8,027,921.00	\$ 8,267,739.00	\$ 8,690,018.00	\$ 8,685,478.00	\$ 9,275,830.00	\$ 9,720,494.00	\$ 9,983,469.00	\$ 10,502,127.00
Tuition Charges	189,409.55	211,508.69	167,749.17	112,617.23	227,301.81	255,879.75	1,147,795.86	987,681.79	1,339,719.19	1,551,930.55
Rent	48,500.00		4,700.00	600.00						
Interest Earnings	97,322.68	70,873.83	24,992.56	16,772.79	17,558.29	20,500.91	23,949.68	26,715.32	20,235.24	27,156.83
Miscellaneous	11,111.20	106,846.72	123,657.70	180,665.31	253,918.97	226,061.72	373,306.72	186,107.56	213,428.90	199,811.72
State Sources	9,105,211.93	9,061,269.56	9,439,702.08	8,660,873.82	9,319,113.72	9,574,459.97	10,170,267.30	10,224,779.73	11,461,482.93	10,910,139.10
Federal Sources	658,680.57	597,406.60	554,007.98	2,070,581.47	753,417.94	1,120,317.80	747,407.33	764,835.29	684,317.68	770,836.81
Total Revenues	17,503,823.95	17,933,853.40	18,342,730.49	19,309,849.62	19,261,328.73	19,882,698.15	21,738,556.89	21,910,613.69	23,702,652.94	23,962,002.01
Expenditures										
Instruction										
Regular Instruction	5,063,001.51	5,391,517.75	5,625,864.91	6,067,322.94	5,624,876.47	5,533,589.10	5,654,424.26	5,807,375.15	5,768,814.84	5,804,958.77
Special Education Instruction	1,241,379.08	1,292,236.65	1,400,598.09	1,356,433.35	1,526,676.82	1,608,406.09	1,688,481.95	1,688,026.98	1,680,693.60	1,739,787.15
Other instruction	227,393.87	330,287.40	429,715.16	429,423.50	409,140.12	483,329.66	499,560.67	478,559.12	530,690.30	551,683.32
Support Services										
Tuition	340,270.19	295,149.42	304,789.57	287,954.81	348,051.38	308,267.08	614,211.14	738,089.85	857,859.82	799,558.19
Student & Instr. Related Serv.	1,402,218.88	1,527,562.65	1,575,465.55	1,671,052.40	1,274,937.65	1,476,635.78	1,763,739.49	1,783,975.31	1,857,276.69	2,042,577.81
General Administrative Serv.	388,134.82	354,034.80	388,690.40	496,004.36	425,712.92	492,777.37	470,747.57	431,604.79	399,581.28	419,139.95
School Administrative Serv.	535,864.28	558,443.22	545,469.35	584,051.98	529,932.75	554,976.76	570,757.20	544,948.37	553,237.45	466,574.68
Central Services/Informant. Tech	344,189.85	329,798.05	260,996.13	360,699.74	379,905.87	381,775.37	408,325.64	418,788.61	414,069.56	405,476.48
Plant Operations & Maint.	1,690,994.67	1,788,710.38	1,606,403.74	1,742,311.36	1,580,662.04	1,592,720.68	1,761,753.62	1,698,386.46	1,694,563.77	1,778,148.53
Pupil Transportation	1,021,302.77	1,299,746.01	1,190,350.94	1,294,046.24	1,432,384.66	1,440,365.11	1,374,215.28	1,482,797.27	1,794,576.53	1,525,605.58
Business & Other Supp. Serv.			100,080.10							
Unallocated Employee Benefits	4,199,729.33	4,401,906.88	3,951,580.35	4,126,444.92	4,288,108.24	4,795,152.44	5,321,654.98	5,346,389.57	5,946,425.45	6,198,145.62
Capital Outlay	306,983.78	1,508,351.61	229,907.24	348,199.49	361,585.00	379,284.43	1,499,908.66	2,493,162.91	2,553,415.69	292,009.69
Debt Service										
Principal	329,000.00	160,000.00	165,000.00	170,000.00	180,000.00	185,000.00	197,000.00	130,000.00	130,000.00	130,000.00
Interest and Other Charges	19,740.00	48,072.50	35,005.00	28,611.26	22,023.76	15,048.76	7,880.00	58,938.83	59,260.00	56,660.00
Total Expenditures	17,110,203.03	19,285,817.32	17,809,916.53	18,962,556.35	18,383,997.68	19,247,328.63	21,832,660.46	23,101,043.22	24,240,464.98	22,210,325.77
Excess (Deficiency) of Revenues Over (Under) Expenditures	393,620.92	(1,351,963.92)	532,813.96	347,293.27	877,331.05	635,369.52	(94,103.57)	(1,190,429.53)	(537,812.04)	1,751,676.24
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)										
Bond Proceeds	1,057,000.00						2,332,000.00			
Cancellation of State Grant		(86,470.47)								
Transfer to Charter School			(7,751.00)	(7,917.00)	(8,376.00)	(16,895.00)	(12,133.00)	(13,206.00)		
Transfers		(10,000.00)		(49,886.34)						
Total Other Financing Sources (Use)	1,057,000.00	(96,470.47)	(7,751.00)	(57,803.34)	(8,376.00)	(16,895.00)	2,319,867.00	(13,206.00)		
Net Change in Fund Balances	\$ 1,450,620.92	\$ (1,448,434.39)	\$ 525,062.96	\$ 289,489.93	\$ 868,955.05	\$ 618,474.52	\$ 2,225,763.43	\$ (1,203,635.53)	\$ (537,812.04)	\$ 1,751,676.24
Debt Service as a Percentage of Noncapital Expenditures	2.1%	1.2%	1.1%	1.1%	1.1%	1.1%	1.0%	0.9%	0.9%	0.9%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Transp. Fees	Medicare SEMI & EPSDT	Refund of Prior Year Expenditure	Insurance Dividends/ Adj.	E-Rate reimb.	Misc.*	Total
2016	\$ 27,156.83	\$ 1,551,930.55		\$ 124,791.00	\$ 47,211.54				\$ 75,020.72	\$ 1,826,110.64
2015	20,235.24	1,339,719.19		109,816.85	10,525.45				103,612.05	1,583,908.78
2014	26,715.32	987,681.79		169,209.98	10,104.80	11,200.43	4,511.77		1,185.38	1,210,609.47
2013	23,949.68	1,189,811.13	3,876.33	262,828.36	21,019.63	11,988.48	29,147.03		2,431.62	1,545,052.26
2012	20,500.91	260,016.13	742.50	165,206.71	19,692.32	36,628.68	16,904.92		2,442.53	522,134.70
2011	17,558.29	227,301.81		189,075.28	8,133.97	4,278.96			18,396.07	464,744.38
2010	16,772.79	112,617.23	600.00	145,079.08		11,932.57	15,516.31		8,137.35	310,655.33
2009	24,992.56	167,749.17	4,700.00	87,925.65					35,732.05	321,099.43
2008	70,873.83	211,508.69		14,708		48,579.33	35,750.91	1,446.04	6,362.72	389,229.24
2007	97,322.68	189,409.55	48,500.00	9,734.00		230.39			1,146.81	346,343.43

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

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct and Regional School Tax Rate ^b	Estimated Actual (County Equalized Value)
2016	\$ 34,255,500	\$ 1,045,898,900	\$ 48,197,300	\$ 5,995,600	\$ 93,081,000	\$ 2,127,000	\$ 1,229,555,300	\$ 2,907,975	\$ 1,232,463,275	\$ 1.834	\$ 1,296,691,472
2015	34,235,200	1,043,381,600	49,129,500	6,105,900	93,789,600	3,103,600	1,229,745,400	2,956,780	1,232,702,180	1.771	1,272,532,446
2014	36,089,600	1,041,281,400	47,646,600	6,035,100	96,487,300	3,605,700	1,231,145,700	3,008,212	1,234,153,912	1.706	1,274,031,085
2013	37,838,500	1,042,344,800	48,887,100	5,843,700	103,327,000	4,149,800	1,242,390,900	3,746,835	1,246,137,735	1.632	1,314,214,021
2012	23,785,000	676,688,100	33,177,400	5,877,300	62,760,500	1,969,800	804,258,100	2,447,866	806,705,966	2.391	1,383,180,084
2011	23,414,600	676,493,100	32,851,900	5,907,600	62,685,000	1,969,800	803,322,000	2,405,012	805,727,012	0.000	1,460,207,338
2010	24,021,100	681,600,400	31,797,900	5,883,200	60,877,100	1,969,800	806,149,500	2,749,739	808,899,239	0.000	1,499,113,437
2009	24,893,100	674,513,800	33,593,800	5,128,100	61,432,900	1,969,800	801,531,500	2,676,260	804,207,760	2.160	1,543,539,661
2008	25,204,900	656,497,100	34,245,100	5,323,100	59,615,100	1,957,100	782,842,400	2,528,351	785,370,751	2.145	1,507,785,824
2007	28,786,900	624,421,300	33,380,800	5,327,000	59,315,300	1,985,700	753,217,000	2,577,876	755,794,876	2.157	1,453,303,993

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Estimate

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

Year Ended June 30,	Franklin Township Board of Education			Overlapping Rates				Franklin Township Open Space	Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Southern Glouc. Co. Regional High School District	Franklin Township	Gloucester County			
2016	\$ 0.848	\$ 0.015	\$ 0.863	\$ 0.971	\$ 0.661	\$ 0.706	\$ 0.010	\$ 3.211	
2015	0.817	0.014	0.831	0.94	0.612	0.688	0.010	3.081	
2014	0.782	0.017	0.799	0.907	0.611	0.635	0.010	2.962	
2013	0.746	0.017	0.763	0.869	0.607	0.638	0.010	2.887	
2012	1.088	0.026	1.114	1.277	0.893	0.944	0.010	4.238	
2011	1.057	0.025	1.082	1.256	0.903	0.98	0.009	4.230	
2010	1.023	0.025	1.048	1.21	0.859	1.018	0.010	4.145	
2009	0.989	0.025	1.014	1.146	0.811	1.054	0.009	4.034	
2008	0.987	0.027	1.014	1.131	0.767	1.058	0.010	3.980	
2007	0.985	0.026	1.011	1.146	0.730	0.975	0.010	3.132	

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
PDM, LLC: CVS	\$ 2,500,000	0.20%	\$ 1,087,000	0.14%
R Leo & Son, LLC	3,586,300	0.29%		
State of NJ, Dep C/O White Oak CC	3,200,000	0.26%	2,078,200	0.27%
RT Enterprises, LLC	3,098,100	0.25%	1,939,000	0.26%
Verizon, New Jersey	2,907,975	0.24%		
Rosemar Properties, V, LLC		0.00%	950,000	0.13%
Wawa Inc.	2,770,800	0.22%	1,080,800	0.14%
Visconti Brothers Properties, LLC		0.00%	1,678,200	0.22%
FSL Development	2,620,100	0.21%		
PDM LLC CVS Pharmacy Inc	2,500,000	0.20%		
New Greenways	2,155,700	0.17%		
Graiff Brothers Properties	2,068,400	0.17%		
Newfield National Bank	2,046,600	0.17%		
Taxpayer #1			2,277,700	0.30%
Taxpayer #2			870,700	0.12%
Niagara Chemical Co. FMC Corp.			847,900	0.11%
New Jersey Bell Telephone			2,577,876	0.34%
Total	\$ 20,683,275	1.47%	\$ 15,387,376	2.04%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2016	\$ 10,502,127.00	\$ 10,502,127.00	100.00%	\$
2015	9,983,469.00	9,983,469.00	100.00%	
2014	9,720,494.00	9,720,494.00	100.00%	
2013	9,275,830.00	9,275,830.00	100.00%	
2012	8,685,478.00	8,685,478.00	100.00%	
2011	8,690,018.00	8,690,018.00	100.00%	
2010	8,267,739.00	8,267,739.00	100.00%	
2009	8,027,921.00	8,027,921.00	100.00%	
2008	7,885,948.00	7,885,948.00	100.00%	
2007	7,393,588.02	7,393,588.02	100.00%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income ^a		Per Capita ^a	
2016	\$ 1,942,000	\$	\$	\$	\$ 1,942,000	0.25%	\$ 117	*
2015	2,072,000	\$			2,072,000	0.26%	124	
2014	2,202,000				2,202,000	0.28%	132	
2013	2,332,000				2,332,000	0.31%	140	
2012	197,000	15,796			212,796	0.03%	39	
2011	382,000	31,061			413,061	0.06%	53	
2010	562,000	136,980			698,980	0.10%	66	
2009	732,000	190,431			922,431	0.14%	63	
2008	897,000	242,199			1,139,199	0.19%	23	
2007	1,057,000	27,274			1,084,274	0.19%	44	

* Estimate

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2016	\$ 1,942,000	\$	\$ 1,942,000	0.15%	\$ 117 *
2015	2,072,000		2,072,000	0.16%	124
2014	2,072,000		2,072,000	0.16%	124
2013	2,332,000		2,332,000	0.17%	140
2012	2,332,000		2,332,000	0.15%	132
2011	197,000		197,000	0.01%	11
2010	732,000		732,000	0.05%	42
2009	897,000		897,000	0.06%	52
2008	1,057,000		1,057,000	0.09%	63
2007	329,000		329,000	0.03%	20

* Estimate

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2016
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Franklin Township	\$ 9,746,500	100.0%	\$ 9,746,500
Other debt			
Gloucester County - Township's Share	242,588,532	5.09%	12,347,756
Southern Gloucester County Regional High School District	1,132,600	78.1%	884,906
Subtotal, Overlapping Debt			22,979,162
Franklin Township School District Direct Debt			1,942,000
Total Direct and Overlapping Debt			\$ 24,921,162

Sources: Franklin Township Finance Officer and Gloucester County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Franklin. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

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

Legal Debt Margin Calculation for Fiscal Year 2015

		Equalized Valuation Basis
	2015	\$ 1,290,258,525
	2014	1,290,644,407
	2013	1,282,523,898
	[A]	\$ 3,863,426,830
Average Equalized Valuation of Taxable Property	[A/3]	\$ 1,287,808,943
Debt Limit (2.5% of Average Equalization Value)	[B]	32,195,224 a
Net Bonded School Debt	[C]	1,942,000
Legal Debt Margin	[B-C]	\$ 30,253,224

		Fiscal Year									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$	27,143,400	\$ 31,762,692	\$ 35,406,160	\$ 36,984,642	\$ 37,060,981	\$ 36,014,663	\$ 34,539,826	\$ 33,061,801	\$ 32,344,421	\$ 32,195,224
Total Net Debt Applicable to Limit		1,057,000	897,000	732,000	562,000	382,000	197,000	2,332,000	2,202,000	2,072,000	1,942,000
Legal Debt Margin	\$	26,086,400	\$ 30,865,692	\$ 34,674,160	\$ 36,422,642	\$ 36,678,981	\$ 35,817,663	\$ 32,207,826	\$ 30,859,801	\$ 30,272,421	\$ 30,253,224
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		3.89%	2.82%	2.07%	1.52%	1.03%	0.55%	6.75%	6.66%	6.41%	6.03%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>	
2016	*	16,665	\$ 792,249,439	\$ 47,540	7.7%
2015		16,669	784,593,661	47,069	7.8%
2014		16,671	776,918,613	46,603	9.5%
2013		16,676	750,603,436	45,011	12.7%
2012		16,724	742,411,808	44,392	12.4%
2011		16,781	725,526,535	43,235	12.7%
2010		16,825	698,439,400	41,512	12.0%
2009		17,368	711,931,688	40,991	6.4%
2008		17,319	715,378,614	41,306	7.0%
2007		17,174	671,675,140	39,110	6.5%

* Estimate

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income
- ^c Per Capita
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	Rank (Optional)	Percentage of Total Municipal Employment
Rowan University	2,000	1	N/A	1,300	3	N/A
Inspira Medical Center - Woodbury	1,222	2	N/A	1,810	1	N/A
County of Gloucester	1,200	3	N/A			
Walmart Supercenter	800	4	N/A			
Kennedy University Hospital	670	5	N/A	1,035	4	N/A
United Methodist Community At Pitman	500	6	N/A			
Mobility Parts & Service	500	7	N/A			
Aryzta LA Brea Bakery Inc.	500	8	N/A			
GGB Bearing Technology	300	9	N/A			
Checkpoint Systems, Inc.	250	10	N/A			
Washington Township School District				1,455	2	N/A
U.S. Foodservices				900	5	N/A
Direct Group				850	6	N/A
Missa Bay, LLC				750	7	N/A
US Postal Service				700	8	N/A
Monroe Township School District				700	9	N/A
Deptford Township School District				633	10	N/A
	7,942			10,133		

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

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

N/A - Information not available

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

<u>Function/Program</u>	<u>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>	<u>2016</u>
Instruction										
Regular	72	73	73	73	73	75	74	74	74	100
Special Education	31	36	36	36	39	45	49	49	50	29
Other Special Education	0	0	0	0	0	0	0	0	0	0
Vocational	0	0	0	0	0	0	0	0	0	0
Other Instruction	7	7	7	7	2	0	0	0	0	0
Support Services:										
* Student & Instruction Related Services	20	20	20	20	21	16	24	24	26	24
General Administration	5	5	5	5	3	3	3	3	3	3
School Administrative Services	8	8	8	8	8	8	8	8	8	8
Other Administrative Services	0	0	0	0	0	0	0	0	0	0
Central Services	4	4	4	4	4	4	5	5	4	4
Administrative Information Technology	2	0	0	0	0	0	0	0	0	0
Plant Operations and Maintenance	20	21	21	21	17	18	21	23	23	19
Pupil Transportation	29	30	30	30	41	38	35	33	36	34
Other Support Services	0	0	0	0	0	0	0	0	0	0
Food Service	0	0	0	0	0	0	0	0	0	0
Total	198	204	204	204	208	207	219	219	224	221

Source: District Personnel Records

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

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

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	1,426	\$ 21,731,656	\$ 15,240	4.0%	129	11 : 1	1,418.3	1,353.4	1.38%	95.42%
2015	1,404	21,497,789	15,312	7.3%	124	11 : 1	1,399.2	1,330.8	-1.52%	95.30%
2014	1,393	20,418,941	14,658	8.4%	123	11 : 1	1,384.9	1,319.9	-1.51%	95.31%
2013	1,410	20,127,872	14,275	5.6%	123	12 : 1	1,406.1	1,337.7	1.29%	95.14%
2012	1,381	18,667,995	13,518	8.5%	120	12 : 1	1,388.2	1,323.8	-2.53%	95.36%
2011	1,431	17,820,389	12,453	-4.2%	104	14 : 1	1,424.2	1,355.7	0.15%	95.19%
2010	1,416	18,415,746	13,005	8.7%	116	12 : 1	1,422.1	1,353.6	-1.86%	95.18%
2009	1,452	17,380,004	11,970	1.2%	116	13 : 1	1,449.1	1,381.7	-2.12%	95.35%
2008	1,486	17,569,393	11,823	11.3%	116	13 : 1	1,480.5	1,407.3	-3.96%	95.06%
2007	1,549	16,454,479	10,623	4.7%	125	14 : 1	1,541.6	1,465.2	3.82%	95.04%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
Elementary										
Caroline L. Reutter (1952)										
Square Feet	50,800	50,800	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905
Capacity (students)	428	428	428	428	428	481	481	481	481	481
Enrollment	413	413	385	390	466	481	437	373	361	361
Main Road (1968)										
Square Feet	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400
Capacity (students)	516	516	516	516	516	516	516	516	516	516
Enrollment	469	469	477	486	402	365	392	445	426	426
Mary F. Janvier (1989)										
Square Feet	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500
Capacity (students)	784	784	784	784	784	784	784	784	784	784
Enrollment	660	660	541	506	528	535	581	575	617	617
* Lake School (1938)										
Square Feet	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710
Capacity (students)	54	54	54	54	54	54	54	54	54	54
Enrollment	*	48	49	43	35	-	-	-	-	-
Other										
Administration Building (1992)										
Square Feet	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911
Transportation/Maintenance Building (1992)										
Square Feet	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133
Storage/Grounds Building (1989)										
Square Feet	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885

Number of Schools at June 30, 2016
 Elementary = 4, 3 presently utilized
 Middle School =
 Other =

Source: District records

Note: Year of original construction is shown in parentheses.

* Lake School is presently vacant.

Enrollment is based on the annual October district count.

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

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

School Facilities	Gross Square Footage	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Caroline L. Reutter School	56,905	\$ 72,057.64	\$ 46,735.91	\$ 81,708.06	\$ 130,411.65	\$ 89,859.49	\$ 82,608.08	\$ 94,532.54	\$ 48,468.04	\$ 68,134.00	\$ 40,759.13
Main Road School	59,400	99,705.65	61,479.76	77,375.61	163,701.07	65,209.43	72,625.32	45,292.66	48,415.45	50,696.00	56,047.45
Mary F. Janvier School	66,500	88,089.32	98,012.40	138,470.13	109,062.42	155,949.72	79,326.16	67,489.55	81,426.56	72,264.00	283,399.53
Lake School	5,710	22,444.35	17,542.42	17,261.98	22,784.40	28,152.20	44,043.04	41,044.67	20,266.31	8,263.00	7,387.00
Total School Facilities		282,296.96	223,770.49	314,815.78	425,959.54	339,170.84	278,602.60	248,359.42	198,576.36	199,357.00	387,593.11
Other Facilities	17,929	95,579.11	63,646.40	62,173.64	107,176.06	84,237.06	67,220.27	67,211.44	79,079.10	254,651.00	20,059.52
Grand Total		\$ 377,876.07	\$ 287,416.89	\$ 376,989.42	\$ 533,135.60	\$ 423,407.90	\$ 345,822.87	\$ 315,570.86	\$ 277,655.46	\$ 454,008.00	\$ 407,652.63

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
INSURANCE SCHEDULE
For the Fiscal Year Ended June 30, 2016
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
Republic Franklin Ins	Commercial Property Coverage - Blanket Including Boiler	\$ 40,167,200	\$ 1,000
	Commercial General Liability	1,000,000 occ/ 3,000,000 agg.	
	Comprehensive Automobile Liability	1,000,000	Comp. - 500 Collision - 1,000
	Computers and Scheduled Equipment - Including Software (Commercial Inland Marine)	500,000	1,000
	Commercial Crime Coverage Employee Dishonesty	105,000	1,000
	Employee Benefits Liability	1,000,000 claim 3,000,000 agg.	1,000
	Employee Dishonesty Coverage	205,000	1,000
Utica National Ins.	Commercial Umbrella Liability	10,000,000 occ/ 10,000,000 agg	10,000
Fireman's Fund Ins.	Excess Umbrella - Catastrophic Excess of \$10,000.000	50,000,000 occ/ 50,000,000 agg	
NJSBAIG	Workers Compensation	2,000,000 accident/ 2,000,000 aggregate 2,000,000 each employee	
Berkley Insurance Co./ McCloskey Insurance Co	Student Accident Insurance	1,000,000	max per injury
Markel Insurance Co.	Catastrophic Accident Insurance	5,000,000	25,000
Ohio Casualty	Surety Bonds Elizabeth DiPietro	225,000	

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

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 Board of Education of the Franklin Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Franklin Township's basic financial statements and have issued our report thereon dated November 15, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given 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 Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

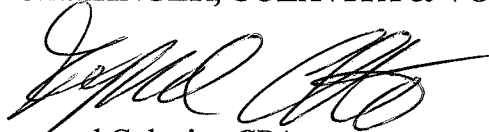
Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915
November 15, 2016

NIGHTLINGER, COLAVITA & VOLPA

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Franklin Township School District, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Franklin Township School District's major federal and state programs for the fiscal year ended June 30, 2016. The Franklin Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Franklin Township Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Franklin Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Franklin Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Franklin Township School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the 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, 2016.

Report on Internal Control Over Compliance

Management of the Franklin Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Franklin Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Franklin Township School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major 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.

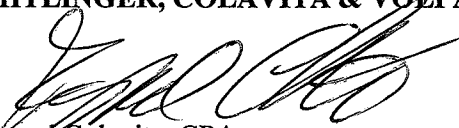
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 15, 2016. 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 Uniform Guidance and New Jersey OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the Franklin Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 15, 2016

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015 Unearned Rev. (Acct. Rec.)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Balance June 30, 2016		
					From	To							(Accounts Receivable)	Unearned Revenue	Due to Grantor at
U.S. Department of Education															
General Fund:															
Medical Assistance Program	93.778	1605NJ5MAP	NA	\$ 47,211.54	7/1/15	6/30/16	\$	\$	\$ 8,252.95	\$ (47,211.54)	\$	\$ (47,211.54)	\$ (38,958.59)	\$	\$
Total General Fund															
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I	84.010A	S010A150030	NCLB159016	246,909.00	7/1/15	6/30/16			182,775.00	(280,713.67)		(280,713.67)	(97,938.67)		
Title I	84.010A	S010A150030	NCLB159015	236,359.00	7/1/14	6/30/15	(68,201.94)		68,639.00					437.06	
Title II-A	84.367A	S367A150029	NCLB159016	61,693.00	7/1/15	6/30/16			34,423.00	(34,423.00)		(34,423.00)			
Title II-A	84.367A	S367A150029	NCLB159015	89,455.00	7/1/14	6/30/15	(18,168.48)		18,303.00					134.52	
Title II-A	84.367A	S367A150029	NCLB159014	89,455.00	7/1/13	6/30/14	2,384.45							2,384.45	
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA159016	382,456.00	7/1/15	6/30/16			210,577.00	(382,456.00)		(382,456.00)	(171,879.00)		
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA159015	341,936.00	7/1/14	6/30/15	(56,097.00)		56,097.00						
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA159016	21,142.00	7/1/15	6/30/16			21,000.00	(21,142.00)		(21,142.00)	(142.00)		
Total Special Revenue Fund															
U.S. Department of Agriculture															
Passed-through State Department of Education															
Enterprise Fund:															
Food Distribution Program	10.565	Unknown	N/A	51,929.99	7/1/15	6/30/16			51,929.99	(41,124.66)		(41,124.66)		10,805.33	
Food Distribution Program	10.565	Unknown	N/A	35,494.84	7/1/14	6/30/15	9,561.18			(9,561.18)					
School Breakfast Program	10.553	16161NJ304N1099	N/A	114,427.09	7/1/15	6/30/16			108,457.24	(114,427.09)		(114,427.09)	(5,969.85)		
School Breakfast Program	10.553	16161NJ304N1099	N/A	85,428.00	7/1/14	6/30/15	(21,019.82)		21,019.82						
Special Milk Program	10.556	16161NJ304N1099	N/A	603.91	7/1/15	6/30/16			582.08	(603.91)		(603.91)	(21.83)		
Special Milk Program	10.556	16161NJ304N1099	N/A	394.96	7/1/14	6/30/15	(90.11)		90.11						
National School Lunch Program	10.555	16161NJ304N1099	N/A	222,534.17	7/1/15	6/30/16			213,623.93	(222,534.17)		(222,534.17)	(8,910.24)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	209,806.49	7/1/14	6/30/15	(38,822.22)		38,822.22						
Total Enterprise Fund															
Total Federal Financial Awards															
							\$ (190,453.94)	\$	\$ 1,034,592.34	\$ (1,154,197.22)	\$	\$ (1,154,197.22)	\$ (323,820.18)	\$ 13,761.36	\$

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2015			Balance at June 30, 2016			MEMO		
					Unearned Revenue (Accounts Rec.)	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Equalization Aid	16-495-034-5120-078	\$ 7,422,943.00	7/1/15	6/30/16	\$	\$	\$ 6,717,956.00	\$ (7,422,943.00)	\$ (704,987.00)	\$	* \$ (704,987.00)	\$ 7,422,943.00	
Equalization Aid	15-495-034-5120-078	7,422,943.00	7/1/14	6/30/15	(707,432.00)		707,432.00						
Transportation Aid	16-495-034-5120-014	381,399.00	7/1/15	6/30/16			345,176.00	(381,399.00)	(36,223.00)		*	(36,223.00) 381,399.00	
Transportation Aid	15-495-034-5120-014	381,399.00	7/1/14	6/30/15	(36,349.00)		36,349.00						
Special Education Categorical Aid	16-495-034-5120-089	725,636.00	7/1/15	6/30/16			656,719.00	(725,636.00)	(68,917.00)		*	(68,917.00) 725,636.00	
Special Education Categorical Aid	15-495-034-5120-089	725,636.00	7/1/14	6/30/15	(69,156.00)		69,156.00						
Security Aid	16-495-034-5120-084	173,504.00	7/1/15	6/30/16			157,026.00	(173,504.00)	(16,478.00)		*	(16,478.00) 173,504.00	
Security Aid	15-495-034-5120-084	173,504.00	7/1/14	6/30/15	(16,535.00)		16,535.00						
PARCC Readiness Aid	16-495-034-5120-098	12,550.00	7/1/15	6/30/16			11,358.00	(12,550.00)	(1,192.00)		*	(1,192.00) 12,550.00	
PARCC Readiness Aid	15-495-034-5120-098	12,550.00	7/1/14	6/30/15	(1,196.00)		1,196.00						
Per Pupil Growth Aid	16-495-034-5120-097	12,550.00	7/1/15	6/30/16			11,358.00	(12,550.00)	(1,192.00)		*	(1,192.00) 12,550.00	
Per Pupil Growth Aid	15-495-034-5120-097	12,550.00	7/1/14	6/30/15	(1,196.00)		1,196.00						
Non-Public Transportation Aid	16-495-034-5120-014	17,139.00	7/1/15	6/30/16				(17,139.00)	(17,139.00)		*	17,139.00	
Non-Public Transportation Aid	15-495-034-5120-014	9,019.00	7/1/14	6/30/15	(16,022.00)		16,022.00						
Extraordinary Aid	16-100-034-5120-473	117,399.00	7/1/15	6/30/16				(117,399.00)	(117,399.00)		*	117,399.00	
Extraordinary Aid	15-100-034-5120-473	83,532.00	7/1/14	6/30/15	(91,250.00)		91,250.00						
Homeless Aid	N/A	19,811.00	7/1/15	6/30/16				(19,811.00)	(19,811.00)				
Family Crisis Transportation id	16-495-034-5120-100	15,922.65	7/1/15	6/30/16				(15,922.65)	(15,922.65)				
Reimbursed TPAF Social Security Contrib.	16-495-034-5095-002	591,059.45	7/1/15	6/30/16			561,971.82	(591,059.45)	(29,087.63)		*	591,059.45	
Reimbursed TPAF Social Security Contrib.	15-495-034-5095-002	600,867.73	7/1/14	6/30/15	(2,261.01)		2,261.01						
Total General Fund							<u>(941,397.01)</u>	<u>9,402,961.83</u>	<u>(9,489,913.10)</u>	<u>(1,028,348.28)</u>		<u>(828,989.00) 9,454,179.45</u>	
Capital Projects Fund:													
NJSDA Grant - Caroline Reutter	1590-070-13-1001	1,023,790.00	1/6/14	Closing							*	0.00	
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Prog. (State Share)	16-100-010-3350-023	5,849.58	7/1/15	6/30/16			5,611.76	(5,849.58)	(237.82)		*	5,849.58	
National School Lunch Prog. (State Share)	15-100-010-3350-023	5,962.74	7/1/14	6/30/15	(1,231.04)		1,231.04						
Total Enterprise Fund							<u>(1,231.04)</u>	<u>6,842.80</u>	<u>(5,849.58)</u>	<u>(237.82)</u>		<u>5,849.58</u>	
Total State Financial Assistance Subject to OMB 15-08							<u>\$ (942,628.05)</u>	<u>\$ 9,409,804.63</u>	<u>\$ (9,495,762.68)</u>	<u>\$ (1,028,586.10)</u>		<u>\$ (828,989.00) \$ 9,460,029.03</u>	
State Financial Assistance Not Subject to OMB 15-08													
On-Behalf TPAF Post Retirement Medical	15-495-034-5095-001	770,373.00	7/1/15	6/30/16			\$ 770,373.00	\$ (770,373.00)					
On-Behalf TPAF Pension Contribution	15-495-034-5095-006	646,978.00	7/1/15	6/30/16			646,978.00	(646,978.00)					
Total State Financial Assistance							<u>\$ 10,827,155.63</u>	<u>\$ (10,913,113.68)</u>					

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

Township of Franklin School District
Notes to the Schedules of Awards and Financial Assistance
For the Fiscal Year Ended June 30, 2016

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,875 for the general fund and \$265.60 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Township of Franklin School District
Notes to the Schedules of Awards and Financial Assistance
For the Fiscal Year Ended June 30, 2016

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 47,211.54	\$ 10,910,139.10	\$ 10,957,350.64
Special Revenue	723,625.27		723,625.27
Food Service	388,251.01	5,962.74	394,213.75
Total	<u>\$ 1,159,087.82</u>	<u>\$ 10,916,101.84</u>	<u>\$ 12,075,189.66</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. ADJUSTMENTS

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

NOTE 6. SCHOOLWIDE PROGRAM FUNDS

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

NOTE 7. MAJOR PROGRAMS

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

NOTE 8. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
none
- 2) Significant deficiencies identified? _____ yes X reported

Noncompliance material to basic
financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
none
- 2) Significant deficiencies identified? _____ Yes X reported

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

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200 section
.516(a) of Uniform Guidance?

_____ yes X no

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	S010A150030	Title I

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-014	Transportation Aid

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

FRANKLIN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**FRANKLIN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.