

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



Somerset, New Jersey

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Franklin Township Public Schools**

**Somerset, New Jersey**

**For The Fiscal Year Ended June 30, 2016**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

# FRANKLIN TOWNSHIP PUBLIC SCHOOLS

1755 Amwell Road  
Somerset, New Jersey 08832-2746

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

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

November 14, 2016

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

Dear Board Members and Constituents of Franklin Township:

The Comprehensive Annual Financial Report (CAFR) of the Franklin Township School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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



## **REPORTING ENTITY AND ITS SERVICES**

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

The Franklin Township Public School District is a Pre-K-12 educational system, comprised of nine (9) schools, approximately 7,500 students, and approximately one thousand two hundred (1,200) staff. In addition, the budget supports approximately 530 Charter School Students. The district provides transportation services to 719 non-public students and aid-in-lieu payments to 524 non-public students.

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

The school district has plans to engage the services of an education consultant (fall of 2016) to conduct an enrollment projection. The consultant's report to the Board of Education will be kept on file with the District.

## **MAJOR BUILDING PROJECTS/RENOVATIONS 2015-16**

The status of major building projects and/or renovations for the 2015-2016 school year is as follows:

- Conerly Road School – Replacement of the roof - \$649,000
- Elizabeth Avenue School – Furnish and Install 3 new roof top compressors - \$17,196
- Franklin High School – Sand Screen/Refinish gymnasium floor - \$6,050
- Franklin High School – Install new light bulbs – Auditorium - \$3,800
- Franklin High School – Install 3 new compressors - \$17,196
- Franklin Middle School – Sand Screen/Refinish gymnasium floor - \$2,350
- Franklin Middle School – Remove Asbestos Tile Floors - \$26,900
- Franklin Middle School – Install new VCT in room - \$15,276
- Franklin Middle School – Install new carpet Music room and faculty rooms - \$21,612

- Franklin Middle School – Install new panic bars on rear exit doors - \$20,460
- Sampson G. Smith School – Sand Screen/Refinish gymnasium floor - \$2,700
- Pine Grove Manor – Replacement of the Roof - \$323,000
- Middlebush Administration Building – Replacement of the Roof - \$275,786

The district also awarded bids for work to be completed in the summer of 2016 for the repaving of the high school back parking lot.

### **UPDATE ON REFERENDUM PROJECTS**

During the school year, the district started to implement by going out to bid and awarding contracts for many of the referendum projects approved in the December 2014 Referendum, including:

- Sampson G. Smith Additions and Renovations – Total Award - \$10,370,000
- Hillcrest Additions and Renovations – Total Award - \$2,073,000
- Elizabeth Avenue Additions and Renovations – Total Award - \$12,024,324 – Awarded July 2016
- Franklin Park School Covered Walkway – Total Award - \$369,413

Bids for the Pine Grove Manor Elevator project were received but were rejected as they were beyond the approved budget. The project will be rebid in 2017.

Bids for the new Claremont Road Elementary School will be received in September 2016.

### **UPDATE ON ENERGY SAVINGS IMPROVEMENT PROGRAM PROJECTS**

In the Spring of 2015 the district began an Energy Savings Improvement Program. The purpose of this program is to install energy savings equipment and systems that will reduce the energy use of the district and reduce expenditures. Funds for the program were obtained through state approved borrowing. Repayment for the loan will be through State Grants and the savings generated by reduced energy consumption. Projects that were undertaken include the installation of new energy efficient boilers in most of the schools, the installation of energy savings lighting fixtures and the installation of building energy management systems that control the temperature in buildings and when boilers should be turned on and off. Most of the projects were completed by June of 2016.

### **MAJOR ACCOMPLISHMENTS**

On July 1, 2015, Dr. John Ravally began his tenure at Franklin Township Public Schools and, since then, stability in governance, operations, personnel, instruction/program, and finance has been readily observed. This new era of stability has manifested itself in very tangible ways; for example, when Dr. Ravally arrived, there were nine district-level and building administrators who served in an interim capacity. Steadily and methodically, with input from a variety of stakeholders at every level in the district and from all quarters outside the district, Dr. Ravally hired talented, highly qualified staff to fill the positions. In this process he was also able to solidify his relationships with district leaders and translate their input into what is now a very clear sense of direction for teaching and learning in the district.

**There are many accomplishments of which this district is proud, including**

- Receiving an NJDOE Model Program designation for two outstanding programs in our district: English Language Learners and Fine, Visual, and Performing Arts.

- Being recognized by the Somerset County Educational Specialist for Franklin's use of the Instructional Rounds process. State officials from across New Jersey and several districts interested in learning more about this process have been granted access to our district leaders and instructional staff to learn more about the way we have been able to turn data gathered from the Rounds process into improved instruction and enhanced student learning.
- Being recognized by Junior Achievement of New Jersey that FTPS offers one of the most comprehensive K-12 financial literacy curricula in the state, due to its highly involved Junior Achievement program at FHS, which includes visits from high school students to all district schools in Grades K-8, for which they teach financial literacy lessons. This program also allows local and national business leaders to teach literacy lessons to our students. Not coincidentally, a number of our students have won prestigious national financial literacy contests.
- Being recognized for having been placed on the College Board's Annual AP District Honor Roll for increasing access to Advanced Placement courses for a broader number of students while simultaneously maintaining or improving the rate at which the AP students earned scores of 3 or higher on AP exams.
- Reinstating a rigorous Gifted and Talented program for our students, with plans for further expansion in 2016-17 and beyond.
- Offering 18 AP classes, several concurrent enrollment programs with local colleges and universities, and a comprehensive slate of extra and co-curricular activities throughout a nine-school district that is in the midst of expanding to ten schools, while simultaneously competing with private and charter schools for Franklin's students.

Special congratulations to the nine teachers selected as recipients of the Franklin Township Teacher of the Year Recognition Award. The recipients for 2015-2016 are:

Maxine Robinson	Conerly Road School
Gloria McGeary-Campbell	Elizabeth Avenue School
Deborah Walczyk	Franklin Park School
Angela Hilse	Hillcrest School
Angela Pape	Pine Grove Manor School
Laura Franzi	MacAfee Road School
Amy Miele	Sampson G. Smith School
Miriam Berotte-Francis	Franklin Middle School
Cheryl Iaione	Franklin High School

In 2014-15 a decision was made to expand the Pre-k program. Longitudinal research has shown that students who have had Pre-k education gain 3/4 of a grade level by 5th grade over their peers who have not had Pre-k. The expansion in 2015-16 was accomplished by making all pre K classes full day, cutting midday bus runs and consolidating some kindergarten classes to find space and save money.

## ANNUAL STANDARDIZED TESTING REPORT

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

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

students with disabilities, limited English proficient, economically disadvantaged, as well as ethnic subgroups.

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

During the spring of 2016, Franklin Township administered the Partnership for Assessment of Readiness for College and Careers (PARCC) to grades 3-11. Students participated in the two part online assessments. The district was well prepared for the assessment and was well supported through the technology department. Franklin Township Public Schools issues an annual test report based on academic assessments of all students in testing years (grades 3-8, 11).

## **RELEVANT FINANCIAL POLICIES**

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

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

## **INTERNAL ACCOUNTING CONTROLS**

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

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

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

## BUDGETARY CONTROLS

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

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

## LONG-TERM FINANCIAL PLANNING

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

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

The following 2016—17 Budget Goals were adopted by the Board and used to guide the budget development process:

- To support the District programs the Board will utilize its 2% spending growth adjustment, State Department of Education authorized budget spending growth adjustments, and banked CAP
- Anticipate the utilization of any unspent 2015-16 general fund budget to be allocated to supplement the referendum budget
- Budget for appropriate staff and provide high quality professional development to all staff to accommodate student specific academic programs
- Budget for the implementation of data supported academic interventions
- Budget for expanded technology needs, including infrastructure and equipment
- Budget to support the district's Pre-K initiative
- Budget to support safety and security
- Budget to support district restructuring and transition

After State approval of the proposed budget, on April 28, 2016 the Board unanimously adopted the 2016-17 budget. The General Fund Tax Levy increased by 2% and the total operating budget increased by just .13%. The Debt Service Budget increased by 36.8% as payments for the approved 2014 referendum began. While the overall increase in Debt Service is significant, the impact was mitigated with Debt Service State Aid of \$1,169,776. The district's share of Debt Service payments increased by \$1,340,906.

## INDEPENDENT AUDIT

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

## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Franklin Township School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This is the nineteenth consecutive year that the District received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.


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

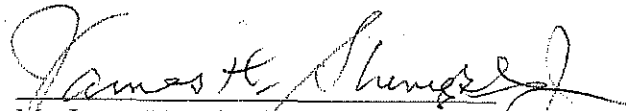
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## ACKNOWLEDGEMENTS

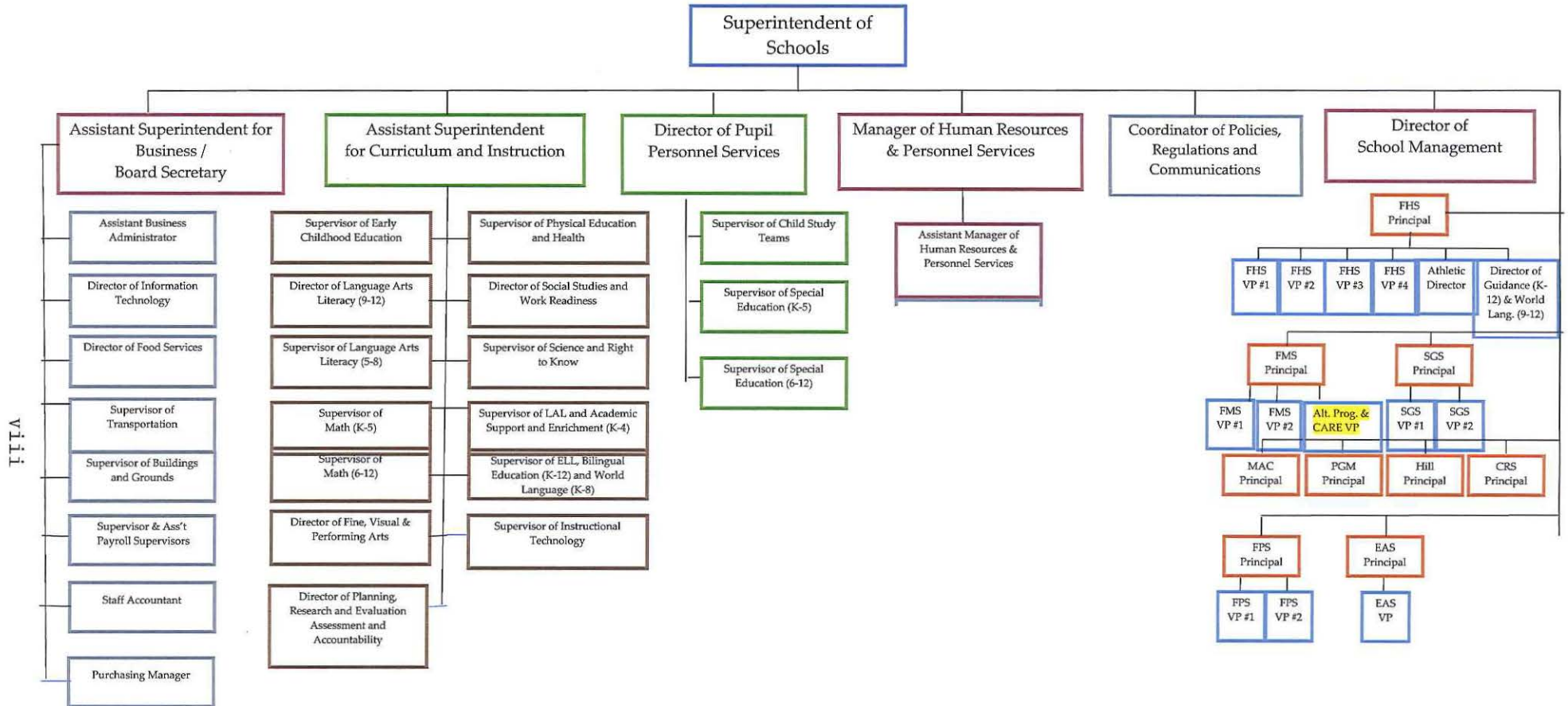
We would like to express our appreciation to the members of the Franklin Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

  
\_\_\_\_\_  
Dr. John Ravally  
Superintendent of Schools

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

**Franklin Township Organizational Chart  
2016-2017 (Draft)**



TTT

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
Somerset, New Jersey

**ROSTER OF OFFICIALS**  
June 30, 2016

<b>Members of the Board of Education</b>	<b>Term Expires</b>
Edward Potosnak, President	2017
Nancy LaCorte, Vice President	2016
Christine Danielsen	2016
Laurie Merris	2018
Julia Presley	2016
Richard Seamon	2018
Patricia Stanley	2017
Margaret Steele	2018
Latee Walton-McCleod	2017

**Other Officials**

Dr. John Ravally, Superintendent of Schools

James H. Strimple, Jr., Interim Asst. Supt. for Business/Board Secretary

Kim Esterman, Treasurer



**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
Consultants and Advisors

**Architect**

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

**Audit Firm**

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

**Attorney**

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

**Official Depositories**

TD Bank  
3221 Route 27  
Franklin Park, NJ 08823



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Franklin Township Public Schools  
New Jersey**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

## ***Opinions***

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

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township Public Schools' basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Franklin Township Public Schools.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2016 on our consideration of the Franklin Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin Township Public Schools' internal control over financial reporting and compliance.

*Leach, Vinci & Higgins, LLP*

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

*Donna L. Japhet*

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
November 14, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

This section of the Franklin Township Public Schools' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Franklin Township Public Schools exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,705,180 (net position).
- Overall revenues were \$191,058,662. General revenues accounted for \$140,354,360 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$50,704,302 or 27% of total revenues.
- The school district had \$181,147,607 in expenses for governmental activities; only \$45,935,202 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$140,352,287 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$93,738,887.
- The General Fund fund balance at June 30, 2016 was \$13,531,069 an increase of \$4,187,278 when compared with the beginning balance at July 1, 2015 of \$9,343,791.



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

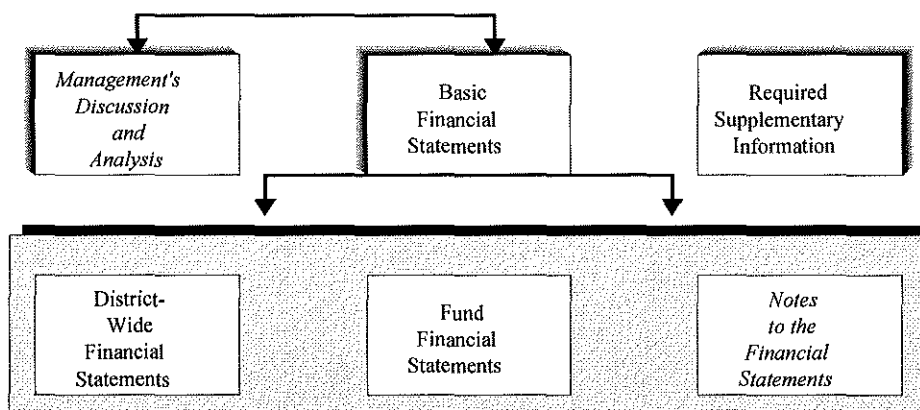
**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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



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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

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

Major Features of the District-Wide and Fund Financial Statements

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

**District-Wide Financial Statements**

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

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**District-Wide Financial Statements (continued)**

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

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

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

**Fund Financial Statements**

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

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

The District has three kinds of funds:

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

- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**Fund Financial Statements (continued)**

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

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

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

**Notes to the Financial Statements**

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

**Other Information**

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

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

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,705,180 and \$14,418,556 as of June 30, 2016 and June 30, 2015, respectively.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

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

**Net Position  
June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current Assets	\$ 97,733,977	\$ 107,059,785	\$ 2,266,429	\$ 1,782,513	\$ 100,000,406	\$ 108,842,298
Capital Assets, Net	88,968,015	81,085,603	418,684	444,798	89,386,699	81,530,401
<b>Total Assets</b>	<u>186,701,992</u>	<u>188,145,388</u>	<u>2,685,113</u>	<u>2,227,311</u>	<u>189,387,105</u>	<u>190,372,699</u>
Deferred Amounts on Refunding of Debt	1,571,275	1,619,053	-	-	1,571,275	1,619,053
Deferred Amounts on Net Pension Liability	6,872,700	2,022,293	495,072	123,807	7,367,772	2,146,100
<b>Total Deferred Outflows of Resources</b>	<u>8,443,975</u>	<u>3,641,346</u>	<u>495,072</u>	<u>123,807</u>	<u>8,939,047</u>	<u>3,765,153</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>195,145,967</u>	<u>191,786,734</u>	<u>3,180,185</u>	<u>2,351,118</u>	<u>198,326,152</u>	<u>194,137,852</u>
Long-Term Liabilities	168,578,362	165,189,640	3,430,593	2,456,000	172,008,955	167,645,640
Other Liabilities	5,453,752	8,998,081	323,647	521,098	5,777,399	9,519,179
<b>Total Liabilities</b>	<u>174,032,114</u>	<u>174,187,721</u>	<u>3,754,240</u>	<u>2,977,098</u>	<u>177,786,354</u>	<u>177,164,819</u>
Deferred Commodities Revenue			13,755	17,364	13,755	17,364
Deferred Amounts on Net Pension Liability	765,706	2,390,748	55,157	146,365	820,863	2,537,113
<b>Total Deferred Inflows of Resources</b>	<u>765,706</u>	<u>2,390,748</u>	<u>68,912</u>	<u>163,729</u>	<u>834,618</u>	<u>2,554,477</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>174,797,820</u>	<u>176,578,469</u>	<u>3,823,152</u>	<u>3,140,827</u>	<u>178,620,972</u>	<u>179,719,296</u>
Net Investment in Capital Assets	48,328,719	41,256,919	418,684	444,798	48,747,403	41,701,717
Restricted	12,383,678	14,424,083			12,383,678	14,424,083
Unrestricted	(40,364,250)	(40,472,737)	(1,061,651)	(1,234,507)	(41,425,901)	(41,707,244)
<b>Total Net Position</b>	<u>\$ 20,348,147</u>	<u>\$ 15,208,265</u>	<u>\$ (642,967)</u>	<u>\$ (789,709)</u>	<u>\$ 19,705,180</u>	<u>\$ 14,418,556</u>

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**Changes in Net Position  
For The Fiscal Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 537,540	\$ 365,354	\$ 2,155,855	\$ 2,237,353	\$ 2,693,395	\$ 2,602,707
Operating Grants and Contributions	43,431,077	37,566,708	2,613,245	2,306,793	46,044,322	39,873,501
Capital Grants and Contributions	1,966,585	681,110			1,966,585	681,110
General Revenues						
Property Taxes	134,140,810	129,401,431			134,140,810	129,401,431
State Aid	5,606,723	5,652,255			5,606,723	5,652,255
Other	604,754	1,038,600	2,073	1,669	606,827	1,040,269
<b>Total Revenues</b>	<b><u>186,287,489</u></b>	<b><u>174,705,458</u></b>	<b><u>4,771,173</u></b>	<b><u>4,545,815</u></b>	<b><u>191,058,662</u></b>	<b><u>179,251,273</u></b>
<b>Expenses</b>						
Instruction						
Regular	73,391,280	65,459,896			73,391,280	65,459,896
Special Education	30,163,329	30,420,992			30,163,329	30,420,992
Vocational Education-Tuition	215,633	155,650			215,633	155,650
School Sponsored Activities and Athletics	2,961,270	2,231,855			2,961,270	2,231,855
Other Instruction	4,264,395	6,549,875			4,264,395	6,549,875
Support Services						
Student and Instruction Related Services	21,534,055	18,343,728			21,534,055	18,343,728
School Administrative Services	8,048,181	8,091,290			8,048,181	8,091,290
General Administrative Services	2,519,964	2,268,730			2,519,964	2,268,730
Plant Operations and Maintenance	17,306,672	16,484,904			17,306,672	16,484,904
Pupil Transportation	13,746,290	14,119,145			13,746,290	14,119,145
Business and Other Support Services	3,086,455	3,302,460			3,086,455	3,302,460
Interest on Long-Term Debt	3,910,083	2,387,803			3,910,083	2,387,803
Food Service			3,903,479	3,415,527	3,903,479	3,415,527
Other-Business Activities	-	-	720,952	724,928	720,952	724,928
<b>Total Expenses</b>	<b><u>181,147,607</u></b>	<b><u>169,816,328</u></b>	<b><u>4,624,431</u></b>	<b><u>4,140,455</u></b>	<b><u>185,772,038</u></b>	<b><u>173,956,783</u></b>
<b>Change in Net Position</b>	<b>5,139,882</b>	<b>4,889,130</b>	<b>146,742</b>	<b>405,360</b>	<b>5,286,624</b>	<b>5,294,490</b>
<b>Net Position, Beginning of Year</b>	<b><u>15,208,265</u></b>	<b><u>10,319,135</u></b>	<b><u>(789,709)</u></b>	<b><u>(1,195,069)</u></b>	<b><u>14,418,556</u></b>	<b><u>9,124,066</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 20,348,147</u></b>	<b><u>\$ 15,208,265</u></b>	<b><u>\$ (642,967)</u></b>	<b><u>\$ (789,709)</u></b>	<b><u>\$ 19,705,180</u></b>	<b><u>\$ 14,418,556</u></b>

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

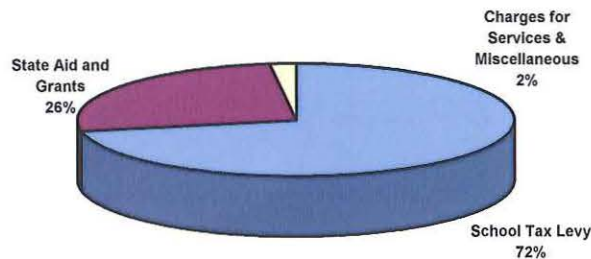
**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$186,287,489 and \$174,705,458 for the fiscal years ended June 30, 2016 and June 30, 2015, respectively. Property taxes of \$134,140,810 and \$129,401,431 represented 72% and 74% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$49,037,800 and \$43,218,963 which was represented 26% and 25% of the revenues for fiscal years ended June 30, 2016 and 2015, respectively. The significant increase in this revenue type is attributable to the adjustment to the On-Behalf TPAF contribution to recognize the actuarially determined amount that should have been contributed on behalf of the District. This adjustment which increases both the revenues and expenses of the governmental activities was \$16,293,361 for the fiscal year ended June 30, 2016 compared to an adjustment of \$12,196,951 for the fiscal year ended June 30, 2015. The District also had \$1,966,585 and \$681,110 of capital grants and contributions for the fiscal years ended June 30, 2016 and 2015, respectively. The balance of revenues for fiscal year June 30, 2016 and 2015, respectively is charges for transportation services (\$17,680 and \$14,803), charges for tuition (\$492,641 and \$340,224), charges for rentals (\$27,219 and \$10,327) and miscellaneous income (\$604,754 and \$1,038,600) which includes items such as investment earnings, prior year refunds, etc.

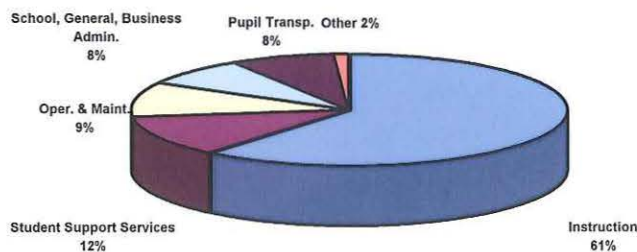
The total cost of all governmental activities programs and services was \$181,147,607 and \$169,816,328. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$110,995,907 and \$104,818,268 (61% and 62%) of total expenses, respectively. Student and Instruction Related Services totaled \$21,534,055 and \$18,343,728 or (12% and 11%) of total expenses. Plant operations and maintenance services totaled \$17,306,672 and \$16,484,904 (9% and 10%) of total expenses. Administrative services were \$13,654,600 and \$13,662,480 or (8%) of total expenses.

Total governmental activities revenues exceed expenses resulting in net position increasing \$5,139,882 from the previous year.

Revenues by Source- Governmental Activities  
For Fiscal Year 2016



Expenses by Type- Governmental Activities  
For Fiscal Year 2016



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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$181,147,607 and \$169,816,328 for the fiscal years ended June 30, 2016 and 2015. After applying program revenues, derived from charges for services of \$537,540 and \$365,354, and operating grants and contributions of \$43,431,077 and \$37,566,708, and capital grants and contributions of \$1,966,585 and \$681,110, the net cost of services of the District is \$135,212,405 and \$131,203,156, respectively

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Instruction</b>				
Regular	\$ 73,391,280	\$ 65,459,896	\$ 50,774,160	\$ 47,966,620
Special Education	30,163,329	30,420,992	15,767,253	17,218,306
Vocational Education-Tuition	215,633	155,650	215,633	155,650
School Sponsored Activities and Athletics	2,961,270	2,231,855	2,961,270	1,376,194
Other Instruction	4,264,395	6,549,875	3,087,024	4,788,570
<b>Support Services</b>				
Student and Instruction Related Services	21,534,055	18,343,728	20,088,407	17,544,741
School Administrative Services	8,048,181	8,091,290	6,286,839	6,851,971
General Administrative Services	2,519,964	2,268,730	2,519,964	2,268,730
Plant Operations and Maintenance	17,306,672	16,484,904	13,769,825	14,233,256
Pupil Transportation	13,746,290	14,119,145	12,745,492	13,108,855
Business and Other Support Services	3,086,455	3,302,460	3,086,455	3,302,460
<b>Interest on Long-Term Debt</b>	<u>3,910,083</u>	<u>2,387,803</u>	<u>3,910,083</u>	<u>2,387,803</u>
<b>Total</b>	<u>\$ 181,147,607</u>	<u>\$ 169,816,328</u>	<u>\$ 135,212,405</u>	<u>\$ 131,203,156</u>

**Business-Type Activities** – The District's total business-type activities revenues were \$4,771,173 and \$4,545,815 for the fiscal years ended June 30, 2016 and 2015, respectively. Charges for services accounted for 45% and 49% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,613,245 and \$2,306,793 accounted for 55% and 51% of total revenue for each of the fiscal years. The balance of the revenues, \$2,073 and \$1,669, represents investment earnings.

The total cost of all business-type activities programs and services was \$4,624,431 and \$4,140,455 for the fiscal years ended June 30, 2016 and 2015. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the C.A.R.E. program within the District.

Total business-type activities revenues exceeded expenses increasing net position by \$146,742 over the last year.



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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2016, its governmental funds reported a combined fund balance of \$93,738,887. At June 30, 2015, the fund balance was \$99,596,571.

Revenues and other financing sources (net of transfers) for the District's governmental funds were \$179,953,171, while total expenditures and other financing uses (net of transfers) were \$185,810,855 thereby decreasing fund balance by \$5,857,684 for the fiscal year ended June 30, 2016.

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 127,310,166	\$ 124,774,680	\$ 2,535,486	2%
Interest	44,158	41,665	2,493	6%
State/Federal Sources	28,072,472	26,416,460	1,656,012	6%
Miscellaneous	<u>865,207</u>	<u>1,349,624</u>	<u>(484,417)</u>	-36%
<b>Total General Fund Revenues</b>	<u>\$ 156,292,003</u>	<u>\$ 152,582,429</u>	<u>\$ 3,709,574</u>	2%

Total General Fund Revenues increased by \$3,709,574 or 2% over the previous year.

Local property taxes increased 2% over the previous year. State and federal aid revenues increased \$1,656,012 or 6% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

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

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

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 88,987,910	\$ 87,072,234	\$ 1,915,676	2%
Support and Undistributed Services	58,693,334	57,652,026	1,041,308	2%
Capital Outlay	110,151	696,470	(586,319)	-84%
Debt Service	<u>1,176,312</u>	<u>798,465</u>	<u>377,847</u>	47%
Total Expenditures	<u>\$ 148,967,707</u>	<u>\$ 146,219,195</u>	<u>\$ 2,748,512</u>	2%

Total General Fund expenditures increased \$2,748,512 or 2% from the previous year.

In 2015-2016, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$4,187,278. As a result, total fund balance increased to \$13,531,069 at June 30, 2016. After deducting transfers and reserves, the unrestricted, unassigned fund balance increased from \$277,833 at June 30, 2015 to a balance of \$284,642 at June 30, 2016.

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

Revenues of the Special Revenue Fund were \$4,671,967 for the year ended June 30, 2016. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 74% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$66,415 or 1% from the previous year. State sources decreased \$30,635 or 2% and Federal sources increased \$81,979 or 2%. Local sources increased \$15,071. There was also a transfer of \$1,389,093 from the general operating fund budget for the fiscal year ended June 30, 2016. This was to fund the inclusion of pre-kindergarten students.

Expenditures of the Special Revenue Fund were \$5,978,722. Instructional expenditures were \$5,559,663 or 93% . Expenditures for the support services were \$366,075 or 6% of total expended for the year ended June 30, 2016. The balance of the expenditures were for capital outlay in the amount of \$52,984.

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

**Management's Discussion and Analysis  
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**Capital Projects** - The capital projects revenues and other financing sources were less than expenditures and other financing uses by \$10,126,805 decreasing fund balance to \$80,189,542 at June 30, 2016. The decrease is primarily due to the expenditure of funds related to the referendum projects as well as various other capital projects.

**Proprietary Funds**

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

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$89,386,699 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, construction in progress, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2015-2016 amounted to \$2,997,479 for governmental activities and \$43,522 for business-type activities.

Capital Assets at June 30, 2016 and 2015  
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 832,000	\$ 832,000			\$ 832,000	\$ 832,000
Construction in Progress	11,735,439	1,430,721			11,735,439	1,430,721
Improvements Other Than Buildings	3,393,372	3,783,044			3,393,372	3,783,044
Building and Building Improvements	67,925,189	69,761,260			67,925,189	69,761,260
Machinery and Equipment	<u>5,082,015</u>	<u>5,278,578</u>	<u>\$ 418,684</u>	<u>\$ 444,798</u>	<u>5,500,699</u>	<u>5,723,376</u>
<b>Total Capital Assets, Net</b>	<u>\$ 88,968,015</u>	<u>\$ 81,085,603</u>	<u>\$ 418,684</u>	<u>\$ 444,798</u>	<u>\$ 89,386,699</u>	<u>\$ 81,530,401</u>

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

**LONG TERM LIABILITIES**

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$1,766,426, claims and judgments payable of \$1,100,834; bonds payable, including unamortized premium, of \$109,851,357, lease purchase agreements payable of \$8,235,529, and net pension liability of \$47,624,216. The District's long-term liabilities for the business-type activities consisted of net pension liability of \$3,430,593.

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 90,821,038	\$ 2,342,568	\$ 93,163,606
Receivables, net	5,870,310	177,986	6,048,296
Inventory		55,231	55,231
Internal Balances	309,356	(309,356)	
Prepaid Items	21,876		21,876
Restricted Cash with Fiscal Agents	711,397		711,397
Capital Assets			
Not Being Depreciated	12,567,439	-	12,567,439
Being Depreciated, Net	76,400,576	418,684	76,819,260
Total Assets	<u>186,701,992</u>	<u>2,685,113</u>	<u>189,387,105</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	1,571,275	-	1,571,275
Deferred Amounts on Net Pension Liability	6,872,700	495,072	7,367,772
Total Deferred Outflows of Resources	<u>8,443,975</u>	<u>495,072</u>	<u>8,939,047</u>
Total Assets and Deferred Outflows of Resources	<u>195,145,967</u>	<u>3,180,185</u>	<u>198,326,152</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,566,621	237,611	1,804,232
Payable to Governments	85,766		85,766
Accrued Interest Payable	1,458,662		1,458,662
Unearned Revenue	2,342,703	86,036	2,428,739
Noncurrent Liabilities			
Due Within One Year	6,891,529		6,891,529
Due Beyond One Year	161,686,833	3,430,593	165,117,426
Total Liabilities	<u>174,032,114</u>	<u>3,754,240</u>	<u>177,786,354</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		13,755	13,755
Deferred Amounts on Net Pension Liability	765,706	55,157	820,863
Total Deferred Inflows of Resources	<u>765,706</u>	<u>68,912</u>	<u>834,618</u>
Total Liabilities and Deferred Inflows of Resources	<u>174,797,820</u>	<u>3,823,152</u>	<u>178,620,972</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	48,328,719	418,684	48,747,403
Restricted for			
Capital Projects	12,364,442		12,364,442
Debt Service	19,236		19,236
Unrestricted	(40,364,250)	(1,061,651)	(41,425,901)
Total Net Position	<u>\$ 20,348,147</u>	<u>\$ (642,967)</u>	<u>\$ 19,705,180</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 73,391,280	\$ 14,000	\$ 22,603,120		\$ (50,774,160)		\$ (50,774,160)
Special Education	30,163,329	478,641	13,917,435		(15,767,253)		(15,767,253)
Vocational Education- Tuition	215,633				(215,633)		(215,633)
School Sponsored Activities and Athletics	2,961,270				(2,961,270)		(2,961,270)
Other Instruction	4,264,395		1,177,371		(3,087,024)		(3,087,024)
Support Services							
Student & Instruction Related Services	21,534,055		1,445,648		(20,088,407)		(20,088,407)
School Administrative Services	8,048,181		1,761,342		(6,286,839)		(6,286,839)
General Administrative Services	2,519,964				(2,519,964)		(2,519,964)
Plant Operations and Maintenance	17,306,672	27,219	1,543,043	\$ 1,966,585	(13,769,825)		(13,769,825)
Pupil Transportation	13,746,290	17,680	983,118		(12,745,492)		(12,745,492)
Business/Central & Other Support Services	3,086,455				(3,086,455)		(3,086,455)
Interest on Long-Term Debt	3,910,083	-	-	-	(3,910,083)	-	(3,910,083)
Total Governmental Activities	<u>181,147,607</u>	<u>537,540</u>	<u>43,431,077</u>	<u>1,966,585</u>	<u>(135,212,405)</u>	<u>-</u>	<u>(135,212,405)</u>
<b>Business-Type Activities</b>							
Food Service	3,903,479	1,280,300	2,613,245			\$ (9,934)	(9,934)
C.A.R.E.	720,952	875,555	-	-	-	154,603	154,603
Total Business-Type Activities	<u>4,624,431</u>	<u>2,155,855</u>	<u>2,613,245</u>	<u>-</u>	<u>-</u>	<u>144,669</u>	<u>144,669</u>
Total Primary Government	<u>\$ 185,772,038</u>	<u>\$ 2,693,395</u>	<u>\$ 46,044,322</u>	<u>\$ 1,966,585</u>	<u>(135,212,405)</u>	<u>144,669</u>	<u>(135,067,736)</u>



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Total Primary Government (Carried forward)	\$ (135,212,405)	\$ 144,669	\$ (135,067,736)
<b>General Revenues</b>			
Property Taxes			
Property Taxes, Levied for General Purposes	127,310,166		127,310,166
Taxes Levied for Debt Service	6,830,644		6,830,644
State Aid Unrestricted	5,606,723		5,606,723
Investment Earnings	277,087	2,073	279,160
Miscellaneous Income	327,667	-	327,667
 Total General Revenues	 140,352,287	 2,073	 140,354,360
 Change in Net Position	 5,139,882	 146,742	 5,286,624
Net Position, Beginning of Year	15,208,265	(789,709)	14,418,556
Net Position, End of Year	\$ 20,348,147	\$ (642,967)	\$ 19,705,180

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

**FUND FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 12,854,060		\$ 77,948,702	\$ 18,276	\$ 90,821,038
Due from Other Funds	1,032,475				1,032,475
Receivables from Other Governments	563,348	\$ 1,185,237	3,797,450		5,546,035
Other Receivables	280,430	43,845			324,275
Prepaid Items	21,876				21,876
Restricted Cash with Fiscal Agents	-	-	711,397	-	711,397
	<u>14,752,189</u>	<u>1,229,082</u>	<u>82,457,549</u>	<u>18,276</u>	<u>98,457,096</u>
Total Assets	<u>\$ 14,752,189</u>	<u>\$ 1,229,082</u>	<u>\$ 82,457,549</u>	<u>\$ 18,276</u>	<u>\$ 98,457,096</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 623,046	\$ 343,743			\$ 966,789
Accrued Salaries & Wages	235,166				235,166
Accrued Liability for Insurance Claims	327,552				327,552
Other Liabilities	25,356	11,758			37,114
Due to Other Funds	-	723,119			723,119
Payable to State Government		82,643			82,643
Payable to Federal Government		3,123			3,123
Unearned Revenue	10,000	64,696	\$ 2,268,007	-	2,342,703
	<u>1,221,120</u>	<u>1,229,082</u>	<u>2,268,007</u>	<u>-</u>	<u>4,718,209</u>
Total Liabilities	<u>1,221,120</u>	<u>1,229,082</u>	<u>2,268,007</u>	<u>-</u>	<u>4,718,209</u>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepaid Items	21,876				21,876
<b>Restricted</b>					
Excess Surplus	2,777,212				2,777,212
Excess Surplus- Designated for Subsequent Year's Expenditures (2016/17 Budget)	2,134,772				2,134,772
Capital Reserve	6,587,836				6,587,836
Capital Reserve-Designated for Subsequent Year's Expenditures (2016/17 Budget)	1,464,340				1,464,340
Capital Projects			80,188,582		80,188,582
Debt Service			960	\$ 18,276	19,236
SEMI- Designated for Subsequent Year's Expenditures	142,136				142,136
<b>Assigned</b>					
Purchases on Order	118,255				118,255
<b>Unassigned</b>					
General Fund	284,642	-	-	-	284,642
	<u>13,531,069</u>	<u>-</u>	<u>80,189,542</u>	<u>18,276</u>	<u>93,738,887</u>
Total Fund Balances	<u>13,531,069</u>	<u>-</u>	<u>80,189,542</u>	<u>18,276</u>	<u>93,738,887</u>
Total Liabilities and Fund Balances	<u>\$ 14,752,189</u>	<u>\$ 1,229,082</u>	<u>\$ 82,457,549</u>	<u>\$ 18,276</u>	<u>\$ 98,457,096</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2016

**Total Fund Balance (Exhibit B-1)** \$ 93,738,887

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 \$136,958,942 and the accumulated depreciation is \$47,990,927 88,968,015

The District has financed capital assets through the issuance of serial bonds and capital lease/lease purchase obligations. The interest accrual at year end is: (1,458,662)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 1,571,275

Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2) (168,578,362)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 6,872,700	
Deferred Inflows of Resources	<u>(765,706)</u>	<u>6,106,994</u>

**Net Position of Governmental Activities (Exhibit A-1)** \$ 20,348,147

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 127,310,166			\$ 6,830,644	\$ 134,140,810
Interest	44,158		\$ 232,929		277,087
Tuition	492,641				492,641
Transportation Fees	17,680				17,680
Miscellaneous	354,886	\$ 16,061	-	-	370,947
Total - Local Sources	128,219,531	16,061	232,929	6,830,644	135,299,165
State Sources	27,764,257	1,197,578	1,966,585		30,928,420
Federal Sources	308,215	3,458,328	-	-	3,766,543
Total Revenues	156,292,003	4,671,967	2,199,514	6,830,644	169,994,128
<b>EXPENDITURES</b>					
Current					
Regular Instruction	57,018,793	4,137,195			61,155,988
Special Education Instruction	25,182,964	1,422,468			26,605,432
Vocational Education Instruction- Tuition	215,633				215,633
Other Instruction	4,264,542				4,264,542
School-Sponsored Activities and Athletics	2,305,978				2,305,978
Support Services					
Student and Instruction Related Services	19,992,810	366,075			20,358,885
School Administrative Services	6,968,106				6,968,106
General Administrative Services	2,429,740				2,429,740
Plant Operations and Maintenance	13,307,749		3,357,488		16,665,237
Pupil Transportation	13,087,024				13,087,024
Business Central Services	2,907,905				2,907,905
Debt Service					
Principal	865,717			3,220,000	4,085,717
Interest and Other Charges	310,595			3,617,176	3,927,771
Cost of Issuance				101,876	101,876
Capital Outlay	110,151	52,984	10,716,756	-	10,879,891
Total Expenditures	148,967,707	5,978,722	14,074,244	6,939,052	175,959,725
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,324,296	(1,306,755)	(11,874,730)	(108,408)	(5,965,597)
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding Bonds Issued				8,700,000	8,700,000
Premium on Refunding Bonds				1,259,043	1,259,043
Payment to Refunding Agent				(9,851,130)	(9,851,130)
Transfers In	472,450	1,389,093	2,220,375	-	4,081,918
Transfers Out	(3,609,468)	-	(472,450)	-	(4,081,918)
Total Other Financing Sources and Uses	(3,137,018)	1,389,093	1,747,925	107,913	107,913
Net Change in Fund Balances	4,187,278	82,338	(10,126,805)	(495)	(5,857,684)
Fund Balance (Deficit), Beginning of Year	9,343,791	(82,338)	90,316,347	18,771	99,596,571
Fund Balance, End of Year	\$ 13,531,069	\$ -	\$ 80,189,542	\$ 18,276	\$ 93,738,887

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ (5,857,684)**

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

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

Capital Outlay	\$ 10,879,891	
Depreciation Expense	<u>(2,997,479)</u>	
		7,882,412

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

Compensated Absences, Net	49,684	
Increase in Pension Expense	<u>(1,031,898)</u>	
		(982,214)

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

3,977,804

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

Amortization of Original Issue Premium	297,267	
Amortization of Deferred Amount on Refunding of Debt	<u>(253,908)</u>	

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

Decrease in Accrued Interest		<u>76,205</u>
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**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 5,139,882**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2016**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,799,870	\$ 542,698	\$ 2,342,568
Intergovernmental Receivable			
State	5,326		5,326
Federal	167,441		167,441
Other Receivables	5,219	-	5,219
Inventories	<u>55,231</u>	<u>-</u>	<u>55,231</u>
Total Current Assets	<u>2,033,087</u>	<u>542,698</u>	<u>2,575,785</u>
Capital Assets			
Equipment	1,196,534	50,780	1,247,314
Less: Accumulated Depreciation	<u>(788,006)</u>	<u>(40,624)</u>	<u>(828,630)</u>
Total Capital Assets, Net	<u>408,528</u>	<u>10,156</u>	<u>418,684</u>
Total Assets	<u>2,441,615</u>	<u>552,854</u>	<u>2,994,469</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>468,255</u>	<u>26,817</u>	<u>495,072</u>
Total Deferred Outflows of Resources	<u>468,255</u>	<u>26,817</u>	<u>495,072</u>
Total Assets and Deferred Outflows of Resources	<u>2,909,870</u>	<u>579,671</u>	<u>3,489,541</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	101,961	1,682	103,643
Deposits Payable		133,968	133,968
Unearned Revenue	86,036		86,036
Due to Other Funds	<u>220,721</u>	<u>88,635</u>	<u>309,356</u>
Total Current Liabilities	<u>408,718</u>	<u>224,285</u>	<u>633,003</u>
Long Term Liabilities			
Net Pension Liability	<u>3,244,765</u>	<u>185,828</u>	<u>3,430,593</u>
Total Long Term Liabilities	<u>3,244,765</u>	<u>185,828</u>	<u>3,430,593</u>
Total Liabilities	<u>3,653,483</u>	<u>410,113</u>	<u>4,063,596</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	13,755	-	13,755
Deferred Amounts on Net Pension Liability	<u>52,170</u>	<u>2,987</u>	<u>55,157</u>
Total Deferred Inflows of Resources	<u>65,925</u>	<u>2,987</u>	<u>68,912</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,719,408</u>	<u>413,100</u>	<u>4,132,508</u>
<b>NET POSITION</b>			
Investment in Capital Assets	408,528	10,156	418,684
Unrestricted	<u>(1,218,066)</u>	<u>156,415</u>	<u>(1,061,651)</u>
Total Net Position	<u>\$ (809,538)</u>	<u>\$ 166,571</u>	<u>\$ (642,967)</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales- Reimbursable Programs	\$ 818,773		\$ 818,773
Daily Sales- Non-Reimbursable Programs	408,412		408,412
Special Functions	38,779		38,779
Program Fees		\$ 875,555	875,555
Miscellaneous	<u>14,336</u>	<u>-</u>	<u>14,336</u>
Total Operating Revenues	<u>1,280,300</u>	<u>875,555</u>	<u>2,155,855</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales- Reimbursable Programs	1,428,081		1,428,081
Cost of Sales- Non-Reimbursable Programs	154,482		154,482
Salaries and Employee Benefits	1,393,566	658,213	2,051,779
Pension	623,305	20,201	643,506
Other Purchased Services	24,119	23,536	47,655
Utilities	85,585		85,585
Supplies and Materials	63,746	4,126	67,872
Depreciation	38,444	5,078	43,522
Miscellaneous	<u>92,151</u>	<u>9,798</u>	<u>101,949</u>
Total Operating Expenses	<u>3,903,479</u>	<u>720,952</u>	<u>4,624,431</u>
Operating Income/(Loss)	<u>(2,623,179)</u>	<u>154,603</u>	<u>(2,468,576)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	39,710		39,710
Federal Sources			
National School Lunch Program	1,533,983		1,533,983
Breakfast Program	715,356		715,356
Food Distribution Program	324,196		324,196
Interest Earnings	<u>1,489</u>	<u>584</u>	<u>2,073</u>
Total Nonoperating Revenues	<u>2,614,734</u>	<u>584</u>	<u>2,615,318</u>
Change in Net Position	(8,445)	155,187	146,742
Net Position, Beginning of Year	<u>(801,093)</u>	<u>11,384</u>	<u>(789,709)</u>
Net Position, End of Year	<u>\$ (809,538)</u>	<u>\$ 166,571</u>	<u>\$ (642,967)</u>

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 1,289,625	\$ 886,536	\$ 2,176,161
Cash Payments for Registration Deposits		(50)	(50)
Cash Payments for Employees' Salaries and Benefits	(1,380,139)	(656,531)	(2,036,670)
Cash Payments to Suppliers for Goods and Services	<u>(1,582,611)</u>	<u>(63,576)</u>	<u>(1,646,187)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(1,673,125)</u>	<u>166,379</u>	<u>(1,506,746)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursements	<u>2,334,878</u>	<u>-</u>	<u>2,334,878</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,334,878</u>	<u>-</u>	<u>2,334,878</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	<u>(17,408)</u>	<u>-</u>	<u>(17,408)</u>
Net Cash Used by Capital Financing Activities	<u>(17,408)</u>	<u>-</u>	<u>(17,408)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	<u>1,489</u>	<u>584</u>	<u>2,073</u>
Net Cash Provided by Investing Activities	<u>1,489</u>	<u>584</u>	<u>2,073</u>
Net Increase in Cash and Cash Equivalents	645,834	166,963	812,797
Cash and Cash Equivalents, Beginning of Year	<u>1,154,036</u>	<u>375,735</u>	<u>1,529,771</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,799,870</u>	<u>\$ 542,698</u>	<u>\$ 2,342,568</u>
<b>Reconciliation of Operating Income/( Loss) to Net Cash Provided/ (Used) by Operating Activities</b>			
Operating Income/(Loss)	<u>\$ (2,623,179)</u>	<u>\$ 154,603</u>	<u>\$ (2,468,576)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	38,444	5,078	43,522
Food Distribution (USDA Commodities) Nat'l School Lunch	324,196		324,196
Change in Assets, Liabilities and Deferred Inflows/Outflows of Resources			
Increase/(Decrease) in Accounts Payable	(174,477)	(27,132)	(201,609)
Increase/(Decrease) in Unearned Revenue	4,208		4,208
(Increase)/Decrease in Due from Other Funds	40,615		40,615
(Increase)/Decrease in Other Receivables	(5,219)	10,981	5,762
(Increase)/Decrease in Inventories	6,139		6,139
Increase/(Decrease) in Deposits Payable		(50)	(50)
Increase/(Decrease) in Due to Other Funds	220,721	9,815	230,536
Increase/(Decrease) in Net Pension Liability	936,323	38,269	974,592
(Increase)/Decrease in Deferred Outflows of Resources	(351,886)	(19,379)	(371,265)
Increase/(Decrease) in Deferred Inflows of Resources	<u>(89,010)</u>	<u>(5,806)</u>	<u>(94,816)</u>
Total Adjustments	<u>950,054</u>	<u>11,776</u>	<u>961,830</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (1,673,125)</u>	<u>\$ 166,379</u>	<u>\$ (1,506,746)</u>
<b>Non-Cash Investing, Capital and Related Financing Activities</b>			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 320,587		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,264,763	\$ 1,362	\$ 3,626,553
Total Assets	<u>1,264,763</u>	<u>1,362</u>	<u>\$ 3,626,553</u>
<b>LIABILITIES</b>			
Due to Student Groups			\$ 280,095
Flexible Spending (Sect. 125) Account			47,915
Payroll Deductions and Withholdings			12
Accrued Salaries & Wages			3,298,531
Intergovernmental Payable	<u>17,786</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>17,786</u>	<u>-</u>	<u>\$ 3,626,553</u>
<b>NET POSITION</b>			
Restricted For Scholarships		<u>\$ 1,362</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,246,977</u>		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>		
Employee Contributions	\$ 130,324	
Investment Earnings		
Interest	1,247	\$ 6
	<u>131,571</u>	<u>6</u>
Total Additions		
<b>DEDUCTIONS</b>		
Unemployment Claims and Contrib.	135,026	
Scholarship Awards and Disbursements	<u>-</u>	<u>16,237</u>
	<u>135,026</u>	<u>16,237</u>
Total Deductions		
Change in Net Position	(3,455)	(16,231)
Net Position, Beginning of Year	<u>1,250,432</u>	<u>17,593</u>
Net Position, End of Year	<u>\$ 1,246,977</u>	<u>\$ 1,362</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

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

- GASB 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*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. 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 Pension*, 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.

**C. Basis of Presentation - Financial Statements**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

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

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. Inventories***

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. *Prepaid Items***

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

**5. *Restricted Assets***

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

**6. *Capital Assets***

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**7. *Deferred Outflows/Inflows of Resources***

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

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

**8. *Compensated Absences***

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**9. Pensions**

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

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

**10. Long-Term Obligations**

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

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

**11. Net Position/Fund Balance**

**District-Wide Statements**

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Governmental Fund Statements**

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

**Nonspendable Fund Balance** – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

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

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

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

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

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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

*SEMI – Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2016 that will be appropriated in a subsequent year's budget certified for taxes.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Governmental Fund Statements (Continued)**

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

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

**12. *Fund Balance Policies***

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

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

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**3. *Tuition Revenues and Expenditures***

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

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

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(168,578,362) difference are as follows:

Bonds Payable	\$ (107,195,000)
Add: Issuance Premium (to be Amortized as Interest Expense)	(2,656,357)
Lease Purchase Payable	(8,235,529)
Claims and Judgments	(1,100,834)
Compensated Absences	(1,766,426)
Net Pension Liability	<u>(47,624,216)</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (168,578,362)</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$3,977,804 difference are as follows:

Debt issued or incurred:	
Issuance of refunding bonds	\$ (8,700,000)
Add: Issuance Premium	(1,259,043)
Principal repayments:	
General obligation bonds	3,220,000
Down payment on lease purchase agreements	865,717
Payment to Escrow agent for refunding	<u>9,851,130</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 3,977,804</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget general fund budget by \$69,387 and the original special revenue fund budget by \$2,347,212. The increase in the general fund was funded by the reappropriation of prior year general fund encumbrances. The increase in the special revenue fund was funded by additional grant awards.

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

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

**B. Excess Expenditures Over Appropriations**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue Fund			
Instruction			
Other Salaries	\$329,500	\$387,576	(\$58,076)
Purchases Prof. and Technical Services	3,100	8,320	(5,220)

The above variances were offset with other available resources.

**C. Deficit Fund Equity**

The Food Service Enterprise Fund has a cumulative deficit in net position of \$809,538 as of June 30, 2016. The deficit is due to the District's accrual of the long-term liability associated with the fund's proportionate share of the District's total PERS net pension liability as required under GASB Statement No. 68. The deficit alone does not indicate that the food service operations are facing financial difficulties. The District is required to pay an annual contribution of which a portion is being paid by food service operations.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 4,797,055
Increased by:		
Interest Earnings - Transferred from Capital Projects Fund	\$ 232,736	
Interest Earnings	3,046	
Unexpended Capital Projects Balances Returned	239,714	
Deposits Approved by Board Resolution	<u>5,000,000</u>	
Total Increases		<u>5,475,496</u>
		10,272,551
Decreased by:		
Withdrawals by Board Resolution	<u>2,220,375</u>	
Total Withdrawals		<u>2,220,375</u>
Balance, June 30, 2016		<u>\$ 8,052,176</u>
Designated for Subsequent Year's Expenditures (2016/17 Budget)		\$ 1,464,340
Available Capital Reserve		<u>6,587,836</u>
		<u>\$ 8,052,176</u>

The withdrawals from the capital reserve were for use in department approved facilities projects.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$4,911,984. Of this amount, \$2,134,772 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$2,777,212 will be appropriated in the 2017/2018 original budget certified for taxes.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$98,767,681 and bank and brokerage firm balances of the Board's deposits amounted to \$108,022,201. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>108,022,201</u>

**Investments**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

As of June 30, 2016, the Board had no investments.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk.

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

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

Interest earnings from the unexpended lease purchase proceeds in the Capital Projects Fund are restricted to be used for the repayment of the lease. Interest earnings on bond proceeds in the Capital Projects Fund were assigned to the Capital Reserve in the General Fund in accordance with a Board Resolution.

**B. Receivables**

Receivables as of June 30, 2016 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 280,430	\$ 43,845		\$ 5,219	\$ 329,494
Intergovernmental					
Federal	133,672	1,185,133		167,441	1,486,246
State	386,798	104	\$ 3,797,450	5,326	4,189,678
State - Tuition	<u>42,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,878</u>
Total Receivables	<u>\$ 843,778</u>	<u>\$ 1,229,082</u>	<u>\$ 3,797,450</u>	<u>\$ 177,986</u>	<u>\$ 6,048,296</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Unearned Revenue**

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

	<u>Total</u>
General Fund	
Rental Fees	\$ 10,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	64,696
Capital Projects Fund	
Unrealized School Facilities Grants	<u>2,268,007</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 2,342,703</u>

**D. Capital Assets**

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

	Balance, July 1, 2015	Increases	Transfers	Balance, June 30, 2016
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,430,721	\$ 10,716,756	\$ (412,038)	\$ 11,735,439
Land	<u>832,000</u>	<u>-</u>	<u>-</u>	<u>832,000</u>
Total Capital Assets, Not Being Depreciated	<u>2,262,721</u>	<u>10,716,756</u>	<u>(412,038)</u>	<u>12,567,439</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	103,778,845		412,038	104,190,883
Improvements Other Than Buildings	9,693,053			9,693,053
Machinery and Equipment	<u>10,344,432</u>	<u>163,135</u>	<u>-</u>	<u>10,507,567</u>
Total Capital Assets Being Depreciated	<u>123,816,330</u>	<u>163,135</u>	<u>412,038</u>	<u>124,391,503</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(34,017,585)	(2,248,109)		(36,265,694)
Improvements Other Than Buildings	(5,910,009)	(389,672)		(6,299,681)
Machinery and Equipment	<u>(5,065,854)</u>	<u>(359,698)</u>	<u>-</u>	<u>(5,425,552)</u>
Total Accumulated Depreciation	<u>(44,993,448)</u>	<u>(2,997,479)</u>	<u>-</u>	<u>(47,990,927)</u>
Total Capital Assets, Being Depreciated, Net	<u>78,822,882</u>	<u>(2,834,344)</u>	<u>-</u>	<u>76,400,576</u>
Governmental Activities Capital Assets, Net	<u>\$ 81,085,603</u>	<u>\$ 7,882,412</u>	<u>\$ -</u>	<u>\$ 88,968,015</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 1,229,905	\$ 17,409	-	\$ 1,247,314
Total Capital Assets Being Depreciated	<u>1,229,906</u>	<u>17,409</u>	<u>-</u>	<u>1,247,314</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(785,108)</u>	<u>(43,522)</u>	<u>-</u>	<u>(828,630)</u>
Total Accumulated Depreciation	<u>(785,108)</u>	<u>(43,522)</u>	<u>-</u>	<u>(828,630)</u>
Total Capital Assets, Being Depreciated, Net	<u>444,798</u>	<u>(26,113)</u>	<u>-</u>	<u>418,684</u>
Business-Type Activities Capital Assets, Net	<u>\$ 444,798</u>	<u>\$ (26,113)</u>	<u>\$ -</u>	<u>\$ 418,684</u>

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

**Governmental Activities:**

Instruction		
Regular		\$ 1,348,864
Special Education		<u>419,647</u>
Total Instruction		<u>1,768,511</u>
Support Services		
Student and Instruction Related Services		29,975
School Administrative Services		59,950
General Administrative Services		59,950
Plant Operations and Maintenance		329,723
Pupil Transportation		629,471
Business/Central & Other Support Services		<u>119,899</u>
Total Support Services		<u>1,228,968</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 2,997,479</u>

**Business-Type Activities:**

Food Service Fund		\$ 38,444
C.A.R.E. Enterprise Fund		<u>5,078</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 43,522</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
<b>Capital Projects Fund</b>		
Architectural Services for Re-Roofing Projects	\$ 188,351	\$ 37,003
Roof Replacement at Hillcrest	466,237	61,762
Roof Replacement at Sampson G. Smith	377,829	81,171
Upgrades to kitchen, cafeteria and auditorium at Sampson G. Smith	184,888	15,231
Lighting Replacements/Retrofits at all locations	1,171,134	264,466
Mechanical Upgrades at all locations	1,177,712	73,871
Boiler Replacements/mechanical upgrades/replacements at various locations	2,496,032	311,968
Fire Alarm upgrades at various locations	500,517	71,605
Boiler Replacement at Sampson G. Smith	384,904	30,096
Architectural Services for Claremont School	1,320,108	933,263
Architectural Service for Referendum	428,097	211,633
Construction Management Company	133,292	756,708
Asbestos Safety Control Monitor		89,380
Roof Replacement at Administration Building	231,465	44,321
Unit ventilator replacement at Sampson G. Smith	19,546	346,984
Roof Replacement at Conerly Road and Pine Grove Schools	580,495	391,505
Sampson G Smith Additions	190,120	10,179,880
Additions and alterations at Hillcrest School	163,464	1,909,536
Asbestos Removal at various schools	-	123,353
	<hr/>	<hr/>
Total Construction Commitments	<u>\$ 10,014,191</u>	<u>\$ 15,933,736</u>

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

General Fund	\$ 118,255
Capital Projects Fund	<u>17,225,679</u>
Total	<u>\$17,343,934</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2016, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	C.A.R.E. Enterprise Fund	\$ 88,635
General Fund	Special Revenue Fund	723,119
General Fund	Food Service Enterprise Fund	<u>220,721</u>
Total		<u>\$ 1,032,475</u>

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

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

**Interfund Transfers**

	<u>Transfer In:</u>			<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>General Fund</u>	
Transfer Out:				
General Fund	\$ 2,220,375	\$ 1,389,093		\$3,609,468
Capital Projects	<u>-</u>	<u>-</u>	\$ 472,450	<u>472,450</u>
Total Transfers Out	<u>\$ 2,220,375</u>	<u>\$ 1,389,093</u>	<u>\$ 472,450</u>	<u>\$4,081,918</u>

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

**F. Leases**

**Operating Leases**

The District leases computers and computer equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$1,934,531. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	<u>110,277</u>
Total	<u>\$ 110,277</u>



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases (Continued)**

**Lease Purchase Agreements**

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

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

	<u>Governmental Activities</u>
Machinery and Equipment	\$ <u>10,569,561</u>

The unexpended proceeds from lease purchase agreements in the amount of \$711,397 at June 30, 2016 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 1,218,040
2018	415,559
2019	432,200
2020	441,305
2021	452,929
2022-2026	2,434,986
2027-2031	2,716,742
2032-2035	<u>2,429,881</u>
Total minimum lease payments	10,541,642
Less: amount representing interest	<u>(2,306,113)</u>
Present value of minimum lease payments	<u>\$ 8,235,529</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$10,000,000, 2006 Refunding Bonds, due in an annual installment of \$20,000 through August 15, 2016, interest at 4.00%	\$ 20,000
\$24,970,000, 2009 Refunding Bonds, due in annual installment of \$45,000 to \$2,340,000 through August 15, 2023, interest at 4.00% to 5.00%	15,970,000
\$3,220,000, 2013 Refunding Bonds, due in an annual installment of \$1,025,000 through August 1, 2016, interest at 3.00%	1,025,000
\$81,480,000, 2015 School Bonds, due in annual installments of \$2,500,000 to \$5,000,000 through February 1, 2035, interest at 3.00 to 4.00%	81,480,000
\$8,700,000, 2016 Refunding Bonds, due in annual installments of \$2,140,000 to \$2,220,000 through August 15, 2026, interest at 3.00 to 4.00%	<u>8,700,000</u>
	<u>\$ 107,195,000</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**Intergovernmental Loan Payable**

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 5,685,000	\$ 3,412,665	\$ 9,097,665
2018	5,695,000	3,299,225	8,994,225
2019	5,835,000	3,090,325	8,925,325
2020	6,020,000	2,875,150	8,895,150
2021	6,115,000	2,646,375	8,761,375
2022-2026	33,980,000	9,940,275	43,920,275
2027-2031	23,865,000	5,215,425	29,080,425
2032-2035	<u>20,000,000</u>	<u>1,415,625</u>	<u>21,415,625</u>
Total	<u>\$ 107,195,000</u>	<u>\$ 31,895,065</u>	<u>\$ 139,090,065</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 357,946,605
Less: Net Debt (Including Authorized But Not Issued)	<u>107,195,257</u>
Remaining Borrowing Power	<u>\$ 250,751,348</u>

**Advance Refunding of Debt**

On May 26, 2016, the District issued \$8,700,000 in School District Refunding Bonds having an interest rate of 3% to 4%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$9,645,000 and the total interest payments defeased to the call date was \$210,940. The net proceeds of \$9,851,130 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$155,981. This amount has been reported as Deferred Outflows of Resources on the financial statements and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$2,019,109 and resulted in an economic gain of \$1,827,939.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 111,360,000	\$ 8,700,000	\$ (12,865,000)	\$ 107,195,000	\$ 5,685,000
Add:					
Unamortized Premium	<u>1,694,581</u>	<u>1,259,043</u>	<u>(297,267)</u>	<u>2,656,357</u>	<u>-</u>
Bonds Payable, Gross	113,054,581	9,959,043	(13,162,267)	109,851,357	5,685,000
Lease Purchase Payable	9,101,246	-	(865,717)	8,235,529	1,006,529
Claims and Judgments	1,100,834	-	-	1,100,834	-
Compensated Absences	1,816,110	-	(49,684)	1,766,426	200,000
Net Pension Liability	<u>40,116,869</u>	<u>9,331,298</u>	<u>(1,823,951)</u>	<u>47,624,216</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 165,189,640</u>	<u>\$ 19,290,341</u>	<u>\$ (15,901,619)</u>	<u>\$ 168,578,362</u>	<u>\$ 6,891,529</u>
<b>Business-Type Activities:</b>					
Net Pension Liability	<u>\$ 2,456,000</u>	<u>\$ 1,105,981</u>	<u>\$ (131,388)</u>	<u>\$ 3,430,593</u>	<u>\$ -</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 2,456,000</u>	<u>\$ 1,105,981</u>	<u>\$ (131,388)</u>	<u>\$ 3,430,593</u>	<u>\$ -</u>

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

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management (Continued)**

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

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2016, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$1,428,386 reported at June 30, 2016 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2016 and 2015 are as follows:

<b>Governmental Activities:</b>	<b>Fiscal Year Ended</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Unpaid Claims, Beginning of Year	\$ 1,344,700	\$ 1,254,706
Incurred Claims	793,806	555,832
Claim Payments	<u>(710,120)</u>	<u>(465,838)</u>
Unpaid Claims, End of Year	<u>\$ 1,428,386</u>	<u>\$ 1,344,700</u>
General Fund		
Other Current Liabilities	\$ 327,552	\$ 243,866
Governmental Activities		
Noncurrent Liabilities	<u>1,100,834</u>	<u>1,100,834</u>
	<u>\$ 1,428,386</u>	<u>\$ 1,344,700</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management (Continued)**

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

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Board Contributions</u>	<u>Contributions/ Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016		\$ 131,571	\$ 135,026	\$ 1,246,977
2015		113,009	233,996	1,250,432
2014	\$ 400,000	122,342	257,196	1,371,419

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

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

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

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

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

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

**Other Pension Funds**

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds (Continued)**

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 1,955,339	\$ 4,126,060	\$ 13,826
2015	1,874,537	2,860,571	11,706
2014	1,675,625	2,214,913	28,715

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC) (Continued)**

For fiscal years 2015/2016 and 2014/2015, the state contributed \$4,126,060 and \$2,860,571, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$2,214,913 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,884,179 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$51,054,809 for its proportionate share of the PERS 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 that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .22744 percent, which was an increase of .00005 percent from its proportionate share measured as of June 30, 2014 of .22739 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,499,356 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,217,988	
Changes of Assumptions	5,482,879	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 820,863
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>666,905</u>	<u>-</u>
Total	<u>\$ 7,367,772</u>	<u>\$ 820,863</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 1,220,586
2018	1,220,586
2019	1,220,586
2020	1,854,864
2021	<u>1,030,287</u>
	<u>\$ 6,546,909</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

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

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 63,454,881</u>	<u>\$ 51,054,809</u>	<u>\$ 40,658,678</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF)**

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$20,419,421 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$334,421,129. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .52911 percent, which was an increase of .00544 percent from its proportionate share measured as of June 30, 2014 of .52367 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease <u>(3.13%)</u></b>	<b>Current Discount Rate <u>(4.13%)</u></b>	<b>1% Increase <u>(5.13%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 397,447,012</u>	<u>\$ 334,421,129</u>	<u>\$ 280,120,559</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 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 and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$4,912,997, \$4,541,157 and \$3,631,624, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Property Tax Levy	\$ 127,310,166		\$ 127,310,166	\$ 127,310,166	
Interest	20,000		20,000	41,112	\$ 21,112
Interest- Capital Reserve	1,850		1,850	3,046	1,196
Tuition-Intergovernmental - State	26,600		26,600	478,641	452,041
Tuition - Other LEAs Within the State	66,500		66,500	14,000	(52,500)
Tuition - Other Sources	-		-	-	-
Transportation Fees	3,915		3,915	17,680	13,765
Rentals	-		-	27,219	27,219
Miscellaneous	20,000	-	20,000	327,667	307,667
<b>Total - Local Sources</b>	<b>127,449,031</b>	<b>-</b>	<b>127,449,031</b>	<b>128,219,531</b>	<b>770,500</b>
<b>State Sources</b>					
Special Education Aid	4,979,869		4,979,869	4,979,869	
Equalization Aid	5,653,674		5,653,674	5,653,674	
Security Aid	1,560,604		1,560,604	1,560,604	
Transportation Aid	797,701		797,701	797,701	
Extraordinary Aid	1,518,704		1,518,704	1,488,555	(30,149)
PARCC Readiness Aid	80,870		80,870	80,870	
Per Pupil Growth Aid	80,870		80,870	80,870	
Additional Nonpublic Transportation Aid				194,397	194,397
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Normal Cost & Accrued Liab.				3,930,279	3,930,279
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Non-Contributory Insurance				195,781	195,781
On-Behalf TPAF Pension System Contr. (Non-budgeted)					
Post-Retirement Medical Contributions				4,912,997	4,912,997
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-	3,884,178	3,884,178
<b>Total - State Sources</b>	<b>14,672,292</b>	<b>-</b>	<b>14,672,292</b>	<b>27,759,775</b>	<b>13,087,483</b>
<b>Federal Sources</b>					
Medicaid Reimbursement	144,561	-	144,561	195,488	50,927
FY 2014 Semi Settlement	-	-	-	112,727	112,727
<b>Total-Federal Sources</b>	<b>144,561</b>	<b>-</b>	<b>144,561</b>	<b>308,215</b>	<b>163,654</b>
<b>Total Revenues</b>	<b>142,265,884</b>	<b>-</b>	<b>142,265,884</b>	<b>156,287,521</b>	<b>14,021,637</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	1,852,502	\$ (114,450)	1,738,052	1,671,553	66,499
Grades 1-5	11,802,798	(600,000)	11,202,798	11,042,121	160,677
Grades 6-8	6,278,224	900,000	7,178,224	7,100,852	77,372
Grades 9-12	9,052,338	100,000	9,152,338	9,137,354	14,984
<b>Home Instruction</b>					
Salaries of Teachers	85,000	(15,000)	70,000	69,639	361
Purchased Professional - Educational Services	45,000	15,000	60,000	41,203	18,797
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	12,250	-	12,250	518	11,732
Purchased Professional - Educational Services	1,647,922	(132,349)	1,515,573	1,474,326	41,247
Purchased Technical Services	170,202	169,182	339,384	338,915	469
Other Purchased Services	2,040,113	22,000	2,062,113	2,062,092	21
General Supplies	1,208,048	(83,728)	1,124,320	884,271	240,049
Textbooks	162,314	19,664	181,978	152,760	29,218
Other Objects	55,737	(503)	55,234	15,202	40,032
<b>Total Regular Programs</b>	<b>34,412,448</b>	<b>279,816</b>	<b>34,692,264</b>	<b>33,990,806</b>	<b>701,458</b>
<b>Special Education</b>					
<b>Cognitive-Moderate</b>					
Salaries of Teachers	295,699	(79,550)	216,149	13,164	202,985
Other Salaries of Instruction	31,275	1,500	32,775	32,026	749
General Supplies	1,500	-	1,500	1,500	-
<b>Total Cognitive-Moderate</b>	<b>328,474</b>	<b>(78,050)</b>	<b>250,424</b>	<b>46,690</b>	<b>203,734</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 1,271,408	\$ 47,000	\$ 1,318,408	\$ 1,313,663	\$ 4,745
Other Salaries for Instruction	749,411	(269,500)	479,911	476,378	3,533
Purchased Professional - Educational Services	74,221	42,861	117,082	116,782	300
Other Purchased Services	-	-	-	-	-
General Supplies	25,950	-	25,950	25,590	360
<b>Total Learning and/or Language Disabilities</b>	<b>2,120,990</b>	<b>(179,639)</b>	<b>1,941,351</b>	<b>1,932,413</b>	<b>8,938</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	5,324,526	70,000	5,394,526	5,376,753	17,773
Other Salaries for Instruction	588,700	30,000	618,700	615,090	3,610
Purchased Professional - Educational Services	193,435	8,500	201,935	201,818	117
General Supplies	-	-	-	-	-
Textbooks	15,600	3,000	18,600	15,134	3,466
<b>Total Resource Room/Resource Center</b>	<b>6,122,261</b>	<b>111,500</b>	<b>6,233,761</b>	<b>6,208,795</b>	<b>24,966</b>
<b>Autism</b>					
Salaries of Teachers	365,455	(20,000)	345,455	343,628	1,827
Other Salaries for Instruction	415,328	(45,626)	369,702	369,628	74
Purchased Professional - Educational Services	13,269	10,256	23,525	23,429	96
Other Purchased Services	-	350	350	-	350
General Supplies	6,000	350	6,350	6,344	6
<b>Total Autism</b>	<b>800,052</b>	<b>(54,670)</b>	<b>745,382</b>	<b>743,029</b>	<b>2,353</b>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	170,781	(170,781)	-	-	-
Other Salaries for Instruction	110,177	(110,177)	-	-	-
Purchased Professional - Educational Services	30,356	(30,356)	-	-	-
General Supplies	10,000	(10,000)	-	-	-
<b>Total Preschool Disabilities - Part-Time</b>	<b>321,314</b>	<b>(321,314)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Preschool Disabilities - Full-Time</b>					
Salaries of Teachers	260,822	118,311	379,133	376,947	2,186
Other Salaries for Instruction	107,268	36,417	143,685	136,881	6,804
Purchased Professional - Educational Services	4,000	32,356	36,356	22,511	13,845
General Supplies	-	25,900	25,900	23,881	2,019
<b>Total Preschool Disabilities - Full-Time</b>	<b>372,090</b>	<b>212,984</b>	<b>585,074</b>	<b>560,220</b>	<b>24,854</b>
<b>Home Instruction</b>					
Salaries of Teachers	-	55,700	55,700	55,692	8
Purchased Professional-Educational Services	100,000	(700)	99,300	64,686	34,614
<b>Total Home Instruction</b>	<b>100,000</b>	<b>55,000</b>	<b>155,000</b>	<b>120,378</b>	<b>34,622</b>
<b>Total Special Education</b>	<b>10,165,181</b>	<b>(254,189)</b>	<b>9,910,992</b>	<b>9,611,525</b>	<b>299,467</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	2,006,259	(166,000)	1,840,259	1,770,977	69,282
Purchased Professional-Educational Services	24,000	52,200	76,200	73,352	2,848
General Supplies	5,600	-	5,600	41	5,559
Other Objects	720	-	720	185	535
<b>Total Basic Skills/Remedial - Instruction</b>	<b>2,036,579</b>	<b>(113,800)</b>	<b>1,922,779</b>	<b>1,844,555</b>	<b>78,224</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	1,599,138	200,000	1,799,138	1,784,201	14,937
Other Salaries for Instruction	31,275	1,000	32,275	32,026	249
Purchased Professional - Educational Services	87,710	(9,444)	78,266	55,134	23,132
General Supplies	41,000	-	41,000	17,792	23,208
<b>Total Bilingual Education - Instruction</b>	<b>1,759,123</b>	<b>191,556</b>	<b>1,950,679</b>	<b>1,889,153</b>	<b>61,526</b>
<b>School Sponsored Co/Extra Curricular Activities</b>					
Salaries	383,072	4,694	387,766	313,402	74,364
Purchased Services	13,450	(4,694)	8,756	7,718	1,038
Supplies and Materials	25,164	35,494	60,658	22,205	38,453
Other Objects	57,826	(1,628)	56,198	49,127	7,071
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<b>479,512</b>	<b>33,866</b>	<b>513,378</b>	<b>392,452</b>	<b>120,926</b>



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
School Sponsored Athletics					
Salaries	\$ 726,981	\$ 20,000	\$ 746,981	\$ 746,306	\$ 675
Purchased Services	42,050	(250)	41,800	38,531	3,269
Supplies and Materials	82,668	1,460	84,128	80,464	3,664
Other Objects	120,550	(210)	120,340	89,267	31,073
<b>Total School Sponsored Athletics</b>	<b>972,249</b>	<b>21,000</b>	<b>993,249</b>	<b>954,568</b>	<b>38,681</b>
Alternative Education Programs- Instruction					
Salaries of Teachers	277,318	(17,300)	260,018	259,993	25
Other Salaries for Instruction	20,000	(3,600)	16,400	16,366	34
Purchased Professional and Technical Services	4,000	14,900	18,900	18,900	-
General Supplies	5,000	(878)	4,122	1,841	2,281
Textbooks	1,500	-	1,500	-	1,500
Other Objects	5,500	(93)	5,407	200	5,207
<b>Total Alternative Education Programs- Instruction</b>	<b>313,318</b>	<b>(6,971)</b>	<b>306,347</b>	<b>297,300</b>	<b>9,047</b>
Alternative Education Programs- Support Services					
Salaries	139,357	17,500	156,857	156,825	32
Purchased Professional and Technical Services	-	200	200	200	-
<b>Total Alternative Education Programs- Support Services</b>	<b>139,357</b>	<b>17,700</b>	<b>157,057</b>	<b>157,025</b>	<b>32</b>
<b>Total - Instruction</b>	<b>50,277,767</b>	<b>168,978</b>	<b>50,446,745</b>	<b>49,137,384</b>	<b>1,309,361</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	516,510	(47,389)	469,121	304,309	164,812
Tuition to Other LEAs Within State-Special	3,181,935	(702,368)	2,479,567	2,425,467	54,100
Tuition to County Vocational School Districts-Reg.	183,140	(9,000)	174,140	174,128	12
Tuition to County Vocational School Districts-Spec.	37,180	4,325	41,505	41,505	-
Tuition to County Spec. Svcs. Districts & Reg. Day	237,604	199,300	436,904	387,503	49,401
Tuition to Private Schools for the Disabled W/in State	7,068,508	(148,840)	6,919,668	6,896,578	23,090
Tuition to Private Schools Disabled and Other LEA's, Spl, O/S	-	70,000	70,000	62,315	7,685
Tuition - State Facilities	139,975	-	139,975	139,975	-
Tuition-Other	965,400	101,679	1,067,079	1,067,068	11
<b>Total Undistributed Expenditures - Instruction</b>	<b>12,330,252</b>	<b>(532,293)</b>	<b>11,797,959</b>	<b>11,498,848</b>	<b>299,111</b>
Attendance and Social Work Services					
Salaries	78,973	-	78,973	71,076	7,897
<b>Total Attendance and Social Work Services</b>	<b>78,973</b>	<b>-</b>	<b>78,973</b>	<b>71,076</b>	<b>7,897</b>
Health Services					
Salaries	1,176,221	-	1,176,221	1,167,947	8,274
Purchased Professional and Technical Svcs.	5,085	40,000	45,085	31,372	13,713
Other Purchased Services	-	900	900	900	-
Supplies and Materials	15,950	2,000	17,950	17,935	15
<b>Total Health Services</b>	<b>1,197,256</b>	<b>42,900</b>	<b>1,240,156</b>	<b>1,218,154</b>	<b>22,002</b>
Speech, OT, PT & Related Services					
Salaries	1,120,215	15,000	1,135,215	1,086,999	48,216
Purchased Professional- Educational Services	1,101,250	233,750	1,335,000	1,176,656	158,344
Supplies and Materials	7,500	4,000	11,500	11,104	396
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>2,228,965</b>	<b>252,750</b>	<b>2,481,715</b>	<b>2,274,759</b>	<b>206,956</b>
Other Support Services- Students Extra Service					
Salaries	553,830	120,000	673,830	671,515	2,315
Purchased Professional Ed. Services	1,016,400	(39,750)	976,650	934,999	41,651
<b>Total Other Support Services- Students Extra Service</b>	<b>1,570,230</b>	<b>80,250</b>	<b>1,650,480</b>	<b>1,606,514</b>	<b>43,966</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Guidance</b>					
Salaries of Other Professional Staff	\$ 1,571,376	\$ 284,000	\$ 1,855,376	\$ 1,855,059	\$ 317
Salaries of Secretarial and Clerical Assistants	208,055	45,000	253,055	251,580	1,475
Unused Vacation Payment to Terminated/Retired Staff	1,468		1,468		1,468
Purchased Professional and Ed. Svcs.	88,500	(7,760)	80,740	18,227	62,513
Other Purchased Services	1,920	1,000	2,920	1,266	1,654
Supplies and Materials	77,670	(1,982)	75,688	70,221	5,467
Other Objects	59,122	(1,184)	57,938	28,529	29,409
<b>Total Guidance</b>	<b>2,008,111</b>	<b>319,074</b>	<b>2,327,185</b>	<b>2,224,882</b>	<b>102,303</b>
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	2,661,478	(18,205)	2,643,273	2,625,864	17,409
Salaries of Secretarial and Clerical Assistants	323,643	7,000	330,643	328,903	1,740
Other Salaries	9,000	-	9,000	-	9,000
Unused Vacation Payment to Terminated/Retired Staff		4,305	4,305	4,305	
Purchased Professional-Educational Services	48,000	55,000	103,000	69,268	33,732
Purchased Professional & Technical Svcs.	14,000	(14,000)	-	-	-
Other Purchased Services	12,196	(12,196)	-	-	-
Residential Costs	67,000	(15,000)	52,000	18,529	33,471
Miscellaneous Purchased Services	-	12,196	12,196	6,082	6,114
Supplies and Materials	20,340	12,000	32,340	31,354	986
Other Objects	390	-	390	270	120
<b>Total Child Study Teams</b>	<b>3,156,047</b>	<b>31,100</b>	<b>3,187,147</b>	<b>3,084,575</b>	<b>102,572</b>
<b>Impvt. of Instruction Services-Other Support Services</b>					
Salaries of Supervisors of Instruction	1,076,504	54,790	1,131,294	1,124,387	6,907
Salaries of Other Professional Staff	164,672	9,210	173,882	173,879	3
Salaries of Sec. and Clerical Assist.	204,149	22,000	226,149	223,724	2,425
Other Salaries	57,344	4,000	61,344	58,749	2,595
Salaries of Facilitators, Math & Literacy Coaches	1,149,152	270,000	1,419,152	1,417,954	1,198
Unused Vacation Payment to Terminated/Retired Staff		1,576	1,576	1,576	-
Purchased Professional-Educational Services	19,250	-	19,250	19,250	-
Other Purchased Services	16,321	-	16,321	10,277	6,044
Supplies and Materials	10,568	1,376	11,944	7,036	4,908
Other Objects	5,031	1,147	6,178	4,512	1,666
<b>Total Impvt. of Instruction Svcs./Other Support Svcs.- Instructional Staff</b>	<b>2,702,991</b>	<b>364,099</b>	<b>3,067,090</b>	<b>3,041,344</b>	<b>25,746</b>
<b>Educational Media Services/School Library</b>					
Salaries	590,513	5,600	596,113	596,027	86
Purchased Professional & Technical Svcs.	12,000	-	12,000	8,741	3,259
Supplies and Materials	85,141	-	85,141	78,037	7,104
<b>Total Educational Media Services/School Library</b>	<b>687,654</b>	<b>5,600</b>	<b>693,254</b>	<b>682,805</b>	<b>10,449</b>
<b>Instructional Staff Training Services</b>					
Salaries Other Professional Staff	92,014	(38,500)	53,514	18,619	34,895
Purchased Professional - Educational Services	130,793	(13,470)	117,323	42,668	74,655
Purchased Professional & Technical Svcs.	-	-	-	-	-
Other Purchased Services	52,700	4,702	57,402	30,551	26,851
Supplies and Materials	27,601	8,906	36,507	29,785	6,722
<b>Total Instructional Staff Training Services</b>	<b>303,108</b>	<b>(38,362)</b>	<b>264,746</b>	<b>121,623</b>	<b>143,123</b>
<b>Support Svcs. General Administration</b>					
Salaries	650,835	9,000	659,835	659,758	77
Legal Services	299,600	(73,020)	226,580	188,115	38,465
Audit Fees	58,000	16,100	74,100	64,613	9,487
Architectural/Engineering Services	20,000	44,688	64,688	11,681	53,007
Other Purchased Professional Svcs.	105,000	(100)	104,900	39,500	65,400
Purchased Technical Services	115,390	(84,000)	31,390	22,063	9,327
Communications/Telephone	317,886	11,000	328,886	320,746	8,140
BOE Other Purchased Services	6,353	-	6,353	710	5,643
Misc. Purchased Services	384,501	35,970	420,471	413,093	7,378
General Supplies	17,500	-	17,500	4,143	13,357
BOE In House Training/ Meeting Supplies	5,922	-	5,922	131	5,791
Judgments Against the School District		150,550	150,550	130,550	20,000
Miscellaneous Expenditures	10,827	102,415	113,242	107,411	5,831
BOE Membership Dues and Fees	29,725	-	29,725	29,651	74
<b>Total Support Services General Administration</b>	<b>2,021,539</b>	<b>212,603</b>	<b>2,234,142</b>	<b>1,992,165</b>	<b>241,977</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 2,508,591	\$ 16,717	\$ 2,525,308	\$ 2,498,854	\$ 26,454
Salaries of Other Professional Staff	862,991	(30,000)	832,991	794,840	38,151
Salaries of Secretarial and Clerical Assistants	1,632,595	(34,000)	1,598,595	1,580,309	18,286
Other Salaries	17,500	11,200	28,700	28,604	96
Unused Vacation Payment to Terminated/Retired Staff		123,038	123,038	81,039	41,999
Purchased Professional and Technical Services	9,350	86,341	95,691	95,531	160
Other Purchased Services	16,693	10,905	27,598	26,566	1,032
Supplies and Materials	48,288	21,250	69,538	62,664	6,874
Other Objects	33,981	(21,789)	12,192	9,245	2,947
<b>Total Support Services School Adm.</b>	<b>5,129,989</b>	<b>183,662</b>	<b>5,313,651</b>	<b>5,177,652</b>	<b>135,999</b>
Central Services					
Salaries	1,424,572	(92,689)	1,331,883	1,301,724	30,159
Unused Vacation Payments to Terminated/Retired Staff		32,689	32,689		32,689
Purchased Professional Services	18,000	13,650	31,650	5,555	26,095
Purchased Technical Services	89,625	45,000	134,625	109,571	25,054
Miscellaneous Purchased Services	25,910	34,000	59,910	28,548	31,362
Supplies and Materials	35,850	-	35,850	26,061	9,789
Miscellaneous Expenditures	64,221	(13,650)	50,571	16,823	33,748
<b>Total Central Services</b>	<b>1,658,178</b>	<b>19,000</b>	<b>1,677,178</b>	<b>1,488,282</b>	<b>188,896</b>
Admin. Info. Technology					
Salaries	746,487	30,000	776,487	770,389	6,098
Purchased Technical Services	-	110,000	110,000	76,871	33,129
Other Purchased Services	108,302	1,000	109,302	36,525	72,777
Supplies and Materials	3,825	57,955	61,780	11,581	50,199
Other Objects	-	-	-	-	-
<b>Total Admin. Info. Technology</b>	<b>858,614</b>	<b>198,955</b>	<b>1,057,569</b>	<b>895,366</b>	<b>162,203</b>
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	399,873	24,699	424,572	377,154	47,418
General Supplies	263,223	(8,900)	254,323	140,178	114,145
Other Objects	20,280	9,550	29,830	28,753	1,077
<b>Total Required Maintenance for School Facilities</b>	<b>683,376</b>	<b>25,349</b>	<b>708,725</b>	<b>546,085</b>	<b>162,640</b>
Custodial Services					
Salaries	4,170,875	(60,000)	4,110,875	4,103,333	7,542
Salaries of Non-Instructional Aides	440,911	(70,000)	370,911	364,299	6,612
Unused Vacation Payment to Terminated/Retired Staff		6,974	6,974		6,974
Purchased Professional and Technical Services	6,780	5,221	12,001	11,910	91
Cleaning, Repair and Maintenance Services	522,189	(170,176)	352,013	292,117	59,896
Other Purchased Property Services	982,000	18,400	1,000,400	1,000,326	74
Insurance	310,825	-	310,825	310,641	184
General Supplies	212,389	-	212,389	168,962	43,427
Energy (Natural Gas)	670,295	-	670,295	378,287	292,008
Energy (Electricity)	1,658,050	(23,100)	1,634,950	1,306,795	328,155
Energy (Oil)	10,000	-	10,000	1,937	8,063
Energy (Gasoline)	27,000	-	27,000	11,145	15,855
Other Objects	7,590	-	7,590	5,448	2,142
Interest- Energy Savings Impr Prog Bonds	293,762	-	293,762	290,847	2,915
Principal- Energy Savings Impr Prog Bonds	87,000	-	87,000	87,000	-
<b>Total Custodial Services</b>	<b>9,399,666</b>	<b>(292,681)</b>	<b>9,106,985</b>	<b>8,340,021</b>	<b>766,964</b>
Care & Upkeep of Grounds					
Salaries	538,160	-	538,160	532,855	5,305
Cleaning, Repair and Maintenance Services	98,575	-	98,575	66,171	32,404
General Supplies	62,100	1,000	63,100	60,489	2,611
<b>Total Care &amp; Upkeep of Grounds</b>	<b>698,835</b>	<b>1,000</b>	<b>699,835</b>	<b>659,515</b>	<b>40,320</b>
Security					
Salaries	1,710,703	26,000	1,736,703	1,736,270	433
Cleaning, Repair and Maintenance Services	79,200	-	79,200	43,366	35,834
General Supplies	32,540	-	32,540	19,885	12,655
Other Objects	356,328	(3,650)	352,678	352,648	30
<b>Total Security</b>	<b>2,178,771</b>	<b>22,350</b>	<b>2,201,121</b>	<b>2,152,169</b>	<b>48,952</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 143,521	\$ 4,000	\$ 147,521	\$ 145,439	\$ 2,082
Salaries for Pupil Transportation (Between Home and School) - Regular	413,426	(146,000)	267,426	240,832	26,594
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	345,585	91,600	437,185	428,703	8,482
Management Fee- ESC & CTSA Trans. Program	130,063	17,000	147,063	145,621	1,442
Other Purchased Prof. and Technical Serv.	822,371	111,968	934,339	934,001	338
Cleaning Repair and Maintenance Svcs.	289,646	(12,400)	277,246	167,271	109,975
Rental Payments- School Buses	14,500	-	14,500	-	14,500
Contracted Services (Between Home and School) - Vendors	7,535,024	(943,622)	6,591,402	6,364,848	226,554
Contracted Services (Other Than Between Home and School) - Vendors	436,889	9,526	446,415	400,812	45,603
Contracted (Between Home & School) Joint Agr.	4,420	12,500	16,920	16,796	124
Contracted Services (Special Ed. Students) Vendors	50,479	246,500	296,979	274,919	22,060
Contracted Services (Special Ed. Students) Joint Agr.	-	-	-	-	-
Contracted Services (Reg. Students)-ESCs & CTSA	592,104	86,000	678,104	677,617	487
Contracted Services (Spl. Ed. Students)-ESCs & CTSA	2,908,943	(89,925)	2,819,018	2,401,678	417,340
Contracted Service- Aid in Lieu Payments-Nonpub	548,964	(3,977)	544,987	487,568	57,419
Contracted Service- Aid in Lieu Payments-Charter	22,100	-	22,100	20,774	1,326
Misc. Purchased Svcs. - Transportation	95,948	16,700	112,648	108,722	3,926
General Supplies	3,598	1,032	4,630	3,666	964
Other Objects	1,650	(200)	1,450	1,425	25
<b>Total Student Transportation Svcs.</b>	<b>14,359,231</b>	<b>(599,298)</b>	<b>13,759,933</b>	<b>12,820,692</b>	<b>939,241</b>
Unallocated Benefits- Employee Benefits					
Group Insurance	1,200	-	1,200	382	818
Social Security Contribution	1,619,000	-	1,619,000	1,351,814	267,186
Other Retirement Contributions-Regular (DCRP)	30,000	-	30,000	13,826	16,174
Other Retirement Contributions- PERS	2,109,021	(205,700)	1,903,321	1,835,661	67,660
Workmen's Compensation	715,810	-	715,810	710,120	5,690
Health Benefits	17,523,742	(1,195,289)	16,328,453	15,656,111	672,342
Tuition Reimbursement	128,100	(71,492)	56,608	52,514	4,094
Other Employee Benefits	132,666	(61,521)	71,145	48,642	22,503
Unused Vacation Payment to Terminated/Retired Staff	-	114,910	114,910	114,885	25
<b>Total Unallocated Benefits- Employee Benefits</b>	<b>22,259,539</b>	<b>(1,419,092)</b>	<b>20,840,447</b>	<b>19,783,955</b>	<b>1,056,492</b>
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Normal Cost and Accrued Liability	-	-	-	3,930,279	(3,930,279)
On-behalf TPAF Pension System Contri. (Non-Budgeted) Non-Contributory Insurance	-	-	-	195,781	(195,781)
On-behalf TPAF Pension System Contri. (Non-Budgeted) Post-Retirement Medical Contributions	-	-	-	4,912,997	(4,912,997)
On-behalf Reimbursed TPAF Social Security (Non-budgeted)	-	-	-	3,884,179	(3,884,179)
<b>Total On-Behalf TPAF Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,923,236</b>	<b>(12,923,236)</b>
<b>Total Undistributed Expenditures</b>	<b>85,511,325</b>	<b>(1,123,034)</b>	<b>84,388,291</b>	<b>92,603,718</b>	<b>(8,215,427)</b>
<b>Total Current Expenditures</b>	<b>135,789,092</b>	<b>(954,056)</b>	<b>134,835,036</b>	<b>141,741,102</b>	<b>(6,906,066)</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Special Education - Instruction					
Learning and/or Language Disabilities	8,000	(7,000)	1,000	-	1,000
Undistributed Expenditures					
Instruction	454,245	(90,654)	363,591	19,646	343,945
General Administration	-	21,447	21,447	21,447	-
Custodial Services	-	3,000	3,000	2,851	149
Care and Upkeep of Grounds	-	51,553	51,553	51,553	-
Security	-	14,654	14,654	14,654	-
School Buses- Special	-	-	-	-	-
<b>Total Equipment</b>	<b>462,245</b>	<b>(7,000)</b>	<b>455,245</b>	<b>110,151</b>	<b>345,094</b>
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	166,967	-	166,967	166,967	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>166,967</b>	<b>-</b>	<b>166,967</b>	<b>166,967</b>	<b>-</b>
Increase in Capital Reserve	1,850	-	1,850	-	1,850
<b>Total Capital Outlay</b>	<b>631,062</b>	<b>(7,000)</b>	<b>624,062</b>	<b>277,118</b>	<b>346,944</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>TRANSFER OF FUNDS TO CHARTER SCHOOLS</b>					
Transfer of Funds to Charter Schools	\$ 7,487,080	\$ -	\$ 7,487,080	\$ 6,949,487	\$ 537,593
Total Transfer of Funds to Charter Schools	<u>7,487,080</u>	<u>-</u>	<u>7,487,080</u>	<u>6,949,487</u>	<u>537,593</u>
Total Expenditures	<u>143,907,234</u>	<u>(961,056)</u>	<u>142,946,178</u>	<u>148,967,707</u>	<u>(6,021,529)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,641,350)</u>	<u>961,056</u>	<u>(680,294)</u>	<u>7,319,814</u>	<u>8,000,108</u>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfer In				472,450	472,450
Transfer to Capital Projects Fund (Capital Reserve)	(3,958,890)		(3,958,890)	(2,220,375)	1,738,515
Transfer To Special Revenue Fund	<u>(358,650)</u>	<u>(1,030,443)</u>	<u>(1,389,093)</u>	<u>(1,389,093)</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>(4,317,540)</u>	<u>(1,030,443)</u>	<u>(5,347,983)</u>	<u>(3,137,018)</u>	<u>2,210,965</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(5,958,890)</u>	<u>(69,387)</u>	<u>(6,028,277)</u>	<u>4,182,796</u>	<u>10,211,073</u>
Fund Balances, Beginning of Year	<u>12,051,107</u>	<u>-</u>	<u>12,051,107</u>	<u>12,051,107</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,092,217</u>	<u>\$ (69,387)</u>	<u>\$ 6,022,830</u>	<u>\$ 16,233,903</u>	<u>\$ 10,211,073</u>
<b>Recapitulation :</b>					
Nonspendable Fund Balance					
Prepaid Item				\$ 21,876	
Restricted					
Capital Reserve				6,587,836	
Capital Reserve- Designated for Subsequent Year's Expenditures (2016/17 Budget)				1,464,340	
Excess Surplus (2017/18 Budget)				2,777,212	
Excess Surplus - Designated for Subsequent Year's Expenditures (2016/17 Budget)				2,134,772	
ARRA-SEMI-Designated for Subsequent Year's Expenditures				29,409	
FY 2014-SEMI-Designated for Subsequent Year's Expenditures				112,727	
Assigned					
Purchases on Order				118,255	
Unassigned				<u>2,987,476</u>	
				16,233,903	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Final 2015/2016 State Aid Payments Not Recognized on GAAP Basis				(1,214,279)	
2015/2016 Extraordinary Aid Not Recognized on a GAAP Basis				<u>(1,488,555)</u>	
Fund Balance (GAAP Basis), End of Year				<u>\$ 13,531,069</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance- Final Budget to Actual
<b>REVENUES</b>					
Intergovernmental					
State	\$ 1,655,563	\$ 1,077,678	\$ 2,733,241	\$ 1,115,240	\$ (1,618,001)
Federal	2,787,608	1,252,722	4,040,330	3,458,328	(582,002)
Local Sources					
Miscellaneous	-	16,812	16,812	16,061	(751)
Total Revenues	<u>4,443,171</u>	<u>2,347,212</u>	<u>6,790,383</u>	<u>4,589,629</u>	<u>(2,200,754)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	-	1,775,595	1,775,595	1,767,844	7,751
Salaries of Other Professional Staff		342,603	342,603	316,876	25,727
Other Salaries for Instruction	-	893,517	893,517	798,336	95,181
Other Salaries		329,500	329,500	387,576	(58,076)
Purchased Prof and Technical Services		3,100	3,100	8,320	(5,220)
Purchased Professional/Educational Services	209,790	4,041	213,831	162,005	51,826
Purchased Educational Services- Contracted Pre-K		15,031	15,031		15,031
Other Purchased Services		59,533	59,533	34,640	24,893
General Supplies	-	289,638	289,638	165,322	124,316
Textbooks	85,000	(777)	84,223	83,105	1,118
Other Objects	-	1,933	1,933	921	1,012
Total Instruction	<u>294,790</u>	<u>3,713,714</u>	<u>4,008,504</u>	<u>3,724,945</u>	<u>283,559</u>
Support Services					
Salaries of Supervisors of Instruction	-	110,000	110,000	92,405	17,595
Salaries of Program Directors		304,100	304,100	277,128	26,972
Salaries of Other Professional Staff		53,066	53,066	-	53,066
Salaries of Secretarial and Clerical Asst.	-	137,398	137,398	135,569	1,829
Other Salaries for Instruction		30,473	30,473	30,473	-
Salaries of Noninstructional Aides		3,500	3,500		3,500
Other Salaries		33,317	33,317	24,470	8,847
Personal Services-Employee Benefits	-	603,369	603,369	506,627	96,742
Purchased Professional/Educational Services	145,000	477,646	622,646	547,936	74,710
Purchased Professional & Technical Services	-	209,741	209,741	139,596	70,145
Contracted Services-Transportation	-	383,747	383,747	366,075	17,672
Other Purchased Services		169,336	169,336	30,020	139,316
Supplies and Materials		61,961	61,961	47,422	14,539
Other Objects	4,003,381	(4,002,156)	1,225	1,190	35
Total Support Services	<u>4,148,381</u>	<u>(1,424,502)</u>	<u>2,723,879</u>	<u>2,198,911</u>	<u>524,968</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	58,000	58,000	54,866	3,134
Total Facilities Acq. & Construction	<u>-</u>	<u>58,000</u>	<u>58,000</u>	<u>54,866</u>	<u>3,134</u>
Total Expenditures	<u>4,443,171</u>	<u>2,347,212</u>	<u>6,790,383</u>	<u>5,978,722</u>	<u>811,661</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,389,093)</u>	<u>(1,389,093)</u>
Other Financing Sources					
Transfer In - General Fund	-	-	-	1,389,093	1,389,093
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Fund Balance (Budgetary Basis), End of Year				\$ -	
Final 2015/2016 State Aid Payments Not Recognized on GAAP Basis				-	
Fund Balance (GAAP Basis), End of Year				<u>\$ -</u>	

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 156,287,521	\$ 4,589,629
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2014/2015 State Aid)	2,707,316	82,338
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2015/2065 State Aid)	<u>(2,702,834)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 156,292,003</u>	<u>\$ 4,671,967</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 148,967,707</u>	<u>\$ 5,978,722</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 148,967,707</u>	<u>\$ 5,978,722</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

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

**Public Employees Retirement System**

**Last Three Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.22744%	.22739%	.22238%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 51,054,809</u>	<u>\$ 42,572,869</u>	<u>\$ 42,502,178</u>
District's Covered-Employee Payroll	<u>\$ 15,066,990</u>	<u>\$ 15,250,010</u>	<u>\$ 15,284,217</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	339%	279%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,955,339	\$ 1,874,537	\$ 1,675,625
Contributions in Relation to the Contractually Required Contribution	<u>1,955,339</u>	<u>1,874,537</u>	<u>1,675,625</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 15,066,990</u>	<u>\$ 15,250,010</u>	<u>\$ 15,284,217</u>
Contributions as a Percentage of Covered-Employee Payroll	13%	12%	11%

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

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

**Teachers Pension and Annuity Fund**

**Last Three Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
Total	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
District's Covered-Employee Payroll	<u>\$ 51,907,424</u>	<u>\$ 51,889,123</u>	<u>\$ 51,771,553</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic										Page 2 Total	Page 2 Total	Grand Totals	
	Security	Nursing	Textbooks	Suppl.Maint	Compen. Education	Exam. and Class.	Corrective Speech	Technology	Home Instruction	PKSIS				IDEA Part B-Prsched
<b>REVENUES</b>														
Intergovernmental														
State	\$ 35,211	\$ 126,011	\$ 82,348	\$ 17,822	\$ 43,740	\$ 43,972	\$ 20,066	\$ 36,301	\$ 104	\$ 2,950	\$ 62,237	\$ 706,715	\$ 3,438,328	
Federal														
Local														
Miscellaneous												15,061		
<b>Total Revenues</b>	\$ 35,211	\$ 126,011	\$ 82,348	\$ 17,822	\$ 43,740	\$ 43,972	\$ 20,066	\$ 36,301	\$ 104	\$ 2,950	\$ 62,237	\$ 4,118,867	\$ 4,886,629	
<b>EXPENDITURES</b>														
Instruction														
Salaries of Teachers												\$ 1,767,844	\$ 1,767,844	\$ 1,767,844
Salaries of Other Professional Staff											\$ 43,196	273,680	316,876	
Other Salaries for Instruction												798,336	798,336	
Other Salaries												387,576	387,576	
Purchased Prof. and Technical Services												8,320	8,320	
Purchased Prof. Educational Services														
Other Purchased Services														
General Supplies												5,354	5,354	
Textbooks												148,179	148,179	
Other Objects												757	757	
<b>Total Instruction</b>												921	921	921
Support Services												3,390,967	3,390,967	3,724,945
Salaries of Supervisors of Instruction												51,464	51,464	
Salaries of Program Directors														
Salaries of Other Professional Staff														
Salaries of Secretarial and Clerical Ass.														
Other Salaries for Instruction														
Other Salaries														
Personal Services - Employee Benefits														
Purchased Prof. and Educational Svc														
Purchased Prof. and Technical Svc														
Contracted Services- Transportation												10,775	10,775	
Other Purchased Services														
Supplies and Materials														
Other Objects														
<b>Total Support Services</b>												2,062,127	2,062,127	2,198,911
Facilities Acquisition and Construction Services														
Instructional Equipment														
<b>Total Facilities Acquisition and Construction Services</b>												54,866	54,866	54,866
<b>Total Special Revenue Expenditures</b>												62,237	62,237	5,978,722
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures														(1,389,093)
Other Financing Sources														
Transfer In - General Fund														1,389,093



FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Programs	Donations		IDEA Reg. Prog.	NCLB Title I	NCLB Title II A	NCLB Title III	Preschool Education		Page 2 Total
	Local	State					Alle	Alle	
REVENUES									
Intragovernmental									
State									
Federal									
Local									
Miscellaneous									
Total Revenues	\$ 16,061		\$ 2,284,458	\$ 686,457	\$ 296,202	\$ 128,974	\$ 706,715	\$ 706,715	\$ 3,396,091
EXPENDITURES									
Instruction									
Salaries of Teachers			\$ 349,788	\$ 267,440	\$ 109,435		\$ 1,041,181	\$ 1,767,844	
Salaries of Other Professional Staff			209,844			\$ 63,836			273,680
Other Salaries for Instruction			399,418				398,518		798,336
Other Salaries			306,741		33,578		47,257		387,576
Purchased Prof. and Technical Services				8,320					8,320
Purchased Prof. and Educational Services									
Other Purchased Professional Services									
Other Purchased Services				5,354					5,354
General Supplies			\$ 72,777	\$ 51,837		\$ 14,639	\$ 5,416		148,179
Textbooks			757						757
Other Objects			812	109					921
Total Instruction	4,322	1,129,481	542,904	143,013	78,475	1,452,772			3,390,967
Support Services									
Salaries of Supervisors of Instruction								92,405	92,405
Salaries of Program Directors			232,128	45,000					277,128
Salaries of Secretarial and Clerical Asst.			125,942					9,827	135,569
Other Salaries for Instruction			30,473						30,473
Other Salaries			11,517					12,593	24,470
Personal Services - Employee Benefits			206,896	82,872	40,370	4,514	161,112		495,854
Purchased Prof. Educational Svcs			421,925						421,925
Purchased Prof. and Technical Svcs			29,999	25,500	56,500	16,000			139,596
Contracted Services- Transportation			16,458	9,325		13,771	396,321		366,075
Other Purchased Services				18,969	5,381	5,452	218		30,020
Supplies and Materials			142	24,885	6,887	9,572			47,422
Other Objects						1,190			1,190
Total Support Services	11,739	1,100,111	143,553	153,189	50,499	693,036			2,062,127
Facilities Acquisition and Construction Services									
Instructional Equipment									
Total Facilities Acquisition and Construction Services									
Total Special Revenue Expenditures	\$ 16,061	\$ 2,284,458	\$ 686,457	\$ 296,202	\$ 128,974	\$ 2,095,808	\$ 706,715	\$ 706,715	\$ 5,507,990
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures									(1,389,093)
Other Financing Sources									
Transfer In - General Fund									1,389,093

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>DISTRICT-WIDE</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
<b>Instruction</b>			
Salaries of Teachers	\$ 1,052,761	\$ 1,041,181	\$ 11,580
Other Salaries for Instruction	405,527	398,918	6,609
Other Salaries	49,000	47,257	1,743
General Supplies	44,773	5,416	39,357
<b>Total Instruction</b>	<b>1,552,061</b>	<b>1,492,772</b>	<b>59,289</b>
<b>Support Services</b>			
Salaries of Supervisor of Instruction	110,000	92,405	17,595
Salaries of Secretarial and Clerical Asst.	10,000	9,827	173
Other Salaries	21,800	12,953	8,847
Personal Services - Employee Benefits	224,808	161,112	63,696
Contracted Services- Transportation	326,547	326,521	26
Other Purchased Services	500	218	282
General Supplies	500	-	500
<b>Total Support Services</b>	<b>694,155</b>	<b>603,036</b>	<b>91,119</b>
<b>Total Expenditures</b>	<b>\$ 2,246,216</b>	<b>\$ 2,095,808</b>	<b>\$ 150,408</b>

**SUMMARY OF LOCATION TOTALS**

Total 2015-2016 Preschool Education Aid Allocation	\$ 857,123
Add: Budgeted Transfer from General Fund- 2015/2016 Inclusion	1,389,093
Actual Preschool Education Carryover (June 30, 2015)	-
Total Preschool Education Aid Funds Available for 2015-2016 Budget	2,246,216
Less: 2015-2016 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	2,246,216
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-
Add: 2015-2016 Unexpended Preschool Education Aid	150,408
2015-2016 Actual Carryover - Preschool Education Aid	\$ 150,408
2015-2016 Preschool Education Aid Carryover Budgeted in 2016-2017	\$ -

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>PROGRAM: PRESCHOOL HALF-DAY 4 YEAR OLDS</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>Instruction</b>			
Salaries of Teachers	\$ 1,052,761	\$ 1,041,181	\$ 11,580
Other Salaries for Instruction	405,527	398,918	6,609
Other Salaries	49,000	47,257	1,743
General Supplies	44,773	5,416	39,357
<b>Total Instruction</b>	<u>1,552,061</u>	<u>1,492,772</u>	<u>59,289</u>
<b>Support Services</b>			
Salaries of Supervisor of Instruction	110,000	92,405	17,595
Salaries of Secretarial and Clerical Asst.	10,000	9,827	173
Other Salaries	21,800	12,953	8,847
Personal Services - Employee Benefits	224,808	161,112	63,696
Contracted Services- Transportation	326,547	326,521	26
Other Purchased Services	500	218	282
General Supplies	500	-	500
<b>Total Support Services</b>	<u>694,155</u>	<u>603,036</u>	<u>91,119</u>
<b>Total Expenditures</b>	<u>\$ 2,246,216</u>	<u>\$ 2,095,808</u>	<u>\$ 150,408</u>

**CAPITAL PROJECTS FUND**

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Issue/Project Title	Modified Appropriations	Adjustment- SDA Grant	Expenditures to Date		Cancelled/ Adjustments	Balance, June 30, 2016
			Prior Years	Current Year		
Franklin High School- Bleachers & Site work	\$ 1,074,288		\$ 1,023,704		\$ 50,584	-
Franklin Middle School- Replacement of Boilers	149,868		149,634		234	-
Acquisition of Temporary Classroom Units (Trailers) - Lease Purchase Agreement	3,850,000		3,666,883		183,117	-
MacAfee Roof Replacement	678,184		672,405		5,779	-
Hillcrest Roof	838,080		479,547	\$ 31,899		\$ 326,634
Sampson G. Smith Roof	537,434	\$ 3,418	384,086	109,001		47,765
Franklin Middle School Roof	4,037,337		160,121	2,063,692	992,248	821,276
Sampson G. Smith HVAC	194,000		38,475	146,414		9,111
Franklin Middle School HVAC	773,500			773,500		-
Energy Savings Incentive Program	7,735,000		1,625,201	5,277,477		832,322
Various renovations, alterations and improvements to all district schools- 2014 Referendum	84,897,326		771,910	4,831,775	53,792	79,239,849
Sampson G. Smith- Girls Locker Room	567,375			18,988		548,387
Pine Grover Manor Roof	383,000			186,785		196,215
Conerly Road Roof	758,000			398,066		359,934
Administration Building Roof	312,000	-	-	236,647	-	75,353
	<u>\$ 106,785,392</u>	<u>\$ 3,418</u>	<u>\$ 8,971,966</u>	<u>\$ 14,074,244</u>	<u>\$ 1,285,754</u>	<u>\$ 82,456,846</u>
				Grants Receivable	\$ 1,046,040	
				Capital Reserve	239,714	
					<u>\$ 1,285,754</u>	
Project Balances						\$ 82,456,846
Reserve for Payment of Lease Purchase Authorized But Not Issued						960
Unrealized SDA Grant						(257)
Fund Balance- GAAP Basis						<u>\$ 80,189,542</u>
<b>Recapitulation of Fund Balance:</b>						
Restricted						
Capital Projects						\$ 62,962,903
Debt Service						960
Committed						
Year- End Encumbrances						<u>17,225,679</u>
Total Fund Balance-Restricted for Capital Projects						<u>\$ 80,189,542</u>

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

**Revenues and Other Financing Sources****Revenues**

Interest on Lease Purchase Proceeds	\$ 193
Interest on Referendum Proceeds	232,736
State Sources - SDA Grant	3,418

**Other Financing Sources**

Transfer from Capital Reserve	<u>2,220,375</u>
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Total Revenues and Other Financing Sources	<u>2,456,722</u>
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**Expenditures and Other Financing Uses****Expenditures**

Purchased Professional and Technical Services	3,029,714
Construction Services	10,716,756
Supplies	9,493
Other Objects	318,281
SDA Grants Cancelled	1,046,040

Transfer to General Fund- Return of Funds from Cancelled	
Appropriations to Capital Reserve	239,714
Transfer to General Fund-Interest Earnings on Referendum Proceeds	<u>232,736</u>

Total Expenditures and Other Financing Uses	<u>15,592,734</u>
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Excess/(Deficiency) of Revenues Over Expenditures	(13,136,012)
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Fund Balance - Beginning of Year	<u>95,593,561</u>
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Fund Balance - End of Year	82,457,549
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## Reconciliation to GAAP

Unearned Revenue - SDA Grant	<u>(2,268,007)</u>
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Fund Balance- End of Year GAAP Basis	<u>\$ 80,189,542</u>
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Analysis of Fund Balance:

Restricted for Capital Projects	\$ 62,962,901
Restricted for Debt Service	962
Committed- Year End Encumbrances	<u>17,225,679</u>

	<u>\$ 80,189,542</u>
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FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 FRANKLIN HIGH SCHOOL-BLEACHERS AND SITE WORK  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,074,288
Revised Authorized Cost	\$ 1,023,704

Percentage Completion	100%
Original Target Completion Date	2014/2015
Revised Target Completion Date	2014/2015

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 FRANKLIN MIDDLE SCHOOL-REPLACEMENT OF BOILERS  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 149,868
Revised Authorized Cost	\$ 149,634
Percentage Completion	100%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**ACQUISITION OF TEMPORARY CLASSROOM UNITS-LEASE PURCHASE AGREEMENT**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	\$ 3,850,000
Original Authorized Cost	\$ 3,850,000
Revised Authorized Cost	\$ 3,666,883
Percentage Completion	100%
Original Target Completion Date	2014/2015
Revised Target Completion Date	2015/2015

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
MAC AFEE ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant	\$ 271,197	-	\$ 271,197	\$ 271,197
Transfer from Capital Reserve	406,987	\$ (5,779)	401,208	401,208
<b>Total Revenues</b>	<u>678,184</u>	<u>(5,779)</u>	<u>672,405</u>	<u>672,405</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased professional and technical services	44,162	-	44,162	44,162
Construction Services	628,243	-	628,243	628,243
<b>Total Expenditures and other Financing Sources</b>	<u>672,405</u>	<u>-</u>	<u>672,405</u>	<u>672,405</u>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<u>\$ 5,779</u>	<u>\$ (5,779)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	1610-115-13-3001-GO4FEC
Grant Number	G5-5799
Grant Date	1/6/2015
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,228,107
Revised Authorized Cost	\$ 672,405

Percentage Completion	100%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
HILLCREST ROOF  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources- SDA Grant	\$ 231,172	-	\$ 231,172	\$ 231,172
Transfer from Capital Reserve	606,908	-	606,908	606,908
<b>Total Revenues</b>	<u>606,908</u>	<u>-</u>	<u>838,080</u>	<u>838,080</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased professional and technical services	33,907	\$ 11,302	45,209	358,533
Construction Services	445,640	20,597	466,237	479,547
<b>Total Expenditures and other Financing Sources</b>	<u>479,547</u>	<u>31,899</u>	<u>511,446</u>	<u>838,080</u>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<u>\$ 127,361</u>	<u>\$ (31,899)</u>	<u>\$ 326,634</u>	<u>\$ -</u>

Additional Project Information:

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

Percentage Completion	61%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2016/2017

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 SAMPSON G. SMITH ROOF  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SDA Grant	\$ 194,917	\$ 3,418	\$ 198,335	\$ 198,335
Transfer from Capital Reserve	342,517	-	342,517	440,115
<b>Total Revenues</b>	<b>342,517</b>	<b>3,418</b>	<b>540,852</b>	<b>638,450</b>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	6,257	25,872	32,129	32,129
Construction Services	377,829	83,129	460,958	606,321
<b>Total Expenditures and other Financing Sources</b>	<b>384,086</b>	<b>109,001</b>	<b>493,087</b>	<b>638,450</b>
Excess (deficiency) of Revenues over (under) Expenditures	\$ (41,569)	\$ (105,583)	\$ 47,765	\$ -

## Additional Project Information:

Project Number	1610-150-13-4003
Grant Number	G5-6043
Grant Date	1/6/2014
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 537,434
Revised Authorized Cost	\$ 638,450
Percentage Completion	91.7%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2016/2017

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**FRANKLIN MIDDLE SCHOOL ROOF**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources- SDA Grant	\$ 1,876,977	\$ (992,248)	\$ 884,729	\$ 884,729
Transfer from Capital Reserve	2,160,360	-	2,160,360	2,160,360
<b>Total Revenues</b>	<u>4,037,337</u>	<u>(992,248)</u>	<u>3,045,089</u>	<u>3,045,089</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased professional and technical services	160,121	\$ 14,192	174,313	540,967
Construction Services	-	2,049,500	2,049,500	2,504,122
Supplies	-	-	-	-
<b>Total Expenditures and other Financing Sources</b>	<u>160,121</u>	<u>2,063,692</u>	<u>2,223,813</u>	<u>3,045,089</u>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<u>\$ 3,877,216</u>	<u>\$ (3,055,940)</u>	<u>\$ 821,276</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	1610-160-13-5004
Grant Number	G5-6094
Grant Date	1/6/2014
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	N/A
Original Authorized Cost	\$ 4,037,337
Revised Authorized Cost	\$ 3,045,089
Percentage Completion	73%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2016/2017

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 SAMPSON G. SMITH HVAC UPGRADE  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 194,000	-	\$ 194,000	\$ 194,000
Total Revenues	<u>194,000</u>	<u>-</u>	<u>194,000</u>	<u>194,000</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	\$ -	-	-
Construction Services	38,475	146,414	184,889	194,000
Total Expenditures and other Financing Sources	<u>38,475</u>	<u>146,414</u>	<u>184,889</u>	<u>194,000</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 155,525</u>	<u>\$ (146,414)</u>	<u>\$ 9,111</u>	<u>\$ -</u>

## Additional Project Information:

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

Percentage Completion	95.3%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2016/2017

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 FRANKLIN MIDDLE SCHOOL HVAC UPGRADE  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 773,500
Revised Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
ENERGY SAVINGS INCENTIVE PROGRAM  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Lease Purchase Proceeds	\$ 7,535,000		\$ 7,535,000	\$ 7,535,000
Transfer from Capital Reserve	-	\$ 200,000	200,000	200,000
<b>Total Revenues</b>	<u>7,535,000</u>	<u>200,000</u>	<u>7,735,000</u>	<u>7,735,000</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased professional and technical services	1,156,963	\$ 275,872	1,432,835	1,156,963
Construction Services	468,238	5,001,605	5,469,843	6,578,037
<b>Total Expenditures and other Financing Sources</b>	<u>1,625,201</u>	<u>5,277,477</u>	<u>6,902,678</u>	<u>7,735,000</u>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<u>\$ 5,909,799</u>	<u>\$ (5,077,477)</u>	<u>\$ 832,322</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 7,535,000
Revised Authorized Cost	\$ 7,735,000

Percentage Completion	92%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2016/2017



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
VARIOUS RENOVATIONS, ALTERATIONS AND IMPROVEMENTS TO ALL DISTRICT SCHOOLS (REFERENDUM)  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Bond Proceeds	\$ 81,480,000	-	\$ 81,480,000	\$ 81,480,000
State Sources- SDA Grant	3,417,069	\$ (53,792)	3,363,277	3,363,277
Other Local Funds	-	-	-	257
<b>Total Revenues</b>	<u>3,417,069</u>	<u>(53,792)</u>	<u>84,843,277</u>	<u>84,843,534</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased professional and technical services	671,370	2,674,132	3,345,502	8,502,100
Construction Services	100,540	1,829,869	1,930,409	75,267,520
Supplies	-	9,493	9,493	9,493
Other Objects	-	318,281	318,281	1,064,421
<b>Total Expenditures and other Financing Sources</b>	<u>771,910</u>	<u>4,831,775</u>	<u>5,603,685</u>	<u>84,843,534</u>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<u>\$ 2,645,159</u>	<u>\$ (4,885,567)</u>	<u>\$ 79,239,592</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	Various - See Below
Grant Date	Various - See Below
Bond Issue Date	2/26/2015
Bonds Issued	81,480,000
Original Authorized Cost	\$ 84,897,326
Revised Authorized Cost	\$ 84,843,534
Percentage Completion	6.6%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2017/2018

<u>Analysis of SDA Grants</u>	<u>DOE Project #</u>	<u>Grant #</u>	<u>Amount</u>
Elizabeth Ave School	1610-070-14-1008	G5-5796	\$ 25,001
Sampson G. Smith School	1610-150-14-1029	G5-6045	263,532
Elizabeth Ave School	1610-070-14-1007	G5-5795	250,000
Pine Grove Manor School	1610-140-14-1017	G5-6356	288,483
Franklin Middle School	1610-160-14-1025	G5-6356	205,000
Sampson G. Smith School	1610-150-14-1022	G5-6355	451,804
Conerly Road School	1610-055-14-1006	G5-6350	470,290
MacAfee School	1610-115-14-1016	G5-6353	287,259
Hillcrest School	1610-100-14-1011	G5-6352	530,761
Sampson G. Smith School	1610-150-14-1021	G5-6044	218,708
Franklin Park School	1610-080-14-1010	G5-6351	52,119
Hillcrest School	1610-100-14-1013	G5-5798	320,320
			<u>3,363,277</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 SAMPSON G. SMITH- GIRLS LOCKER ROOM  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from Capital Reserve	-	\$ 567,375	\$ 567,375	\$ 567,375
 Total Revenues	 -	 567,375	 567,375	 567,375
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased professional and technical services	-	18,988	18,988	49,875
Construction Services	-	-	-	517,500
 Total Expenditures and other Financing Sources	 -	 18,988	 18,988	 567,375
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ -	 \$ 548,387	 \$ 548,387	 \$ -

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 567,375
Revised Authorized Cost	\$ 567,375

Percentage Completion	3%
Original Target Completion Date	2016/17
Revised Target Completion Date	2016/17

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 PINE GROVE MANOR ROOF  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	-	\$ 383,000	\$ 383,000	\$ 383,000
Total Revenues	-	383,000	383,000	383,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	4,356	4,356	36,356
Construction Services	-	182,429	182,429	346,644
Total Expenditures and other Financing Sources	-	186,785	186,785	383,000
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 196,215	\$ 196,215	\$ -

## Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 383,000
Revised Authorized Cost	\$ 383,000
Percentage Completion	48.8%
Original Target Completion Date	2016/17
Revised Target Completion Date	2016/17

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 CONERLY ROAD ROOF  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	-	\$ 758,000	\$ 758,000	\$ 758,000
Total Revenues	-	758,000	758,000	758,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	-	-	-	
Construction Services	-	398,066	398,066	758,000
Total Expenditures and other Financing Sources	-	398,066	398,066	758,000
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 359,934	\$ 359,934	\$ -

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	N/A
Original Authorized Cost	\$ 758,000
Revised Authorized Cost	\$ 758,000
Percentage Completion	53%
Original Target Completion Date	2016/17
Revised Target Completion Date	2016/17

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 ADMINISTRATIVE BUILDING ROOF  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from Capital Reserve	\$ -	\$ 312,000	\$ 312,000	\$ 312,000
 Total Revenues	 -	 312,000	 312,000	 312,000
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased professional and technical services	-	5,000	5,000	5,000
Construction Services	-	231,647	231,647	307,000
 Total Expenditures and other Financing Sources	 -	 236,647	 236,647	 312,000
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ -	 \$ 75,353	 \$ 75,353	 \$ -

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 312,000
Revised Authorized Cost	\$ 312,000

Percentage Completion	75.8%
Original Target Completion Date	2016/17
Revised Target Completion Date	2016/17

**ENTERPRISE FUNDS**

**EXHIBIT G-1**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 280,095	\$ 3,346,458	\$ 3,626,553
Total Assets	<u>\$ 280,095</u>	<u>\$ 3,346,458</u>	<u>\$ 3,626,553</u>
<b>LIABILITIES</b>			
Accrued Salaries & Wages		\$ 3,298,531	\$ 3,298,531
Payroll Deductions and Withholdings		12	12
Flexible Spending (Sect. 125) Plan Account		47,915	47,915
Due to Student Groups	<u>\$ 280,095</u>	<u>-</u>	<u>280,095</u>
Total Liabilities	<u>\$ 280,095</u>	<u>\$ 3,346,458</u>	<u>\$ 3,626,553</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Balance, July 1, <u>2015</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2016</u></b>
<b>ELEMENTARY SCHOOLS</b>				
Franklin Park	\$ 80	\$ 3,027	\$ 1,558	\$ 1,549
Sampson G. Smith	61,718	120,772	134,714	47,776
MIDDLE SCHOOL	42,035	74,624	66,911	49,748
HIGH SCHOOL	134,368	550,322	521,423	163,267
ATHLETICS	<u>17,669</u>	<u>71,037</u>	<u>70,951</u>	<u>17,755</u>
Total	<u>\$ 255,870</u>	<u>\$ 819,782</u>	<u>\$ 795,557</u>	<u>\$ 280,095</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PAYROLL AGENCY FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Balance, July 1, <u>2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2016</u></b>
Payroll Deductions and Withholdings	\$ 3,909	\$ 43,165,636	\$ 43,169,533	\$ 12
Flexible Spending (Section 125) Plan Account	36,442	180,577	169,104	47,915
Accrued Salaries and Wages	<u>3,235,161</u>	<u>88,768,304</u>	<u>88,704,934</u>	<u>3,298,531</u>
	<u>\$ 3,275,512</u>	<u>\$ 132,114,517</u>	<u>\$ 132,043,571</u>	<u>\$ 3,346,458</u>

**LONG-TERM DEBT**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, Julv 1, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds	6/29/2006	\$ 10,000,000	8/15/2016	\$ 20,000	4.00%	\$ 9,685,000		9,665,000	\$ 20,000
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2016	2,140,000	5.000%				
			8/15/2017	2,195,000	5.000%				
			8/15/2018	2,240,000	4.250%				
			8/15/2019	2,335,000	5.000%				
			8/15/2020-21	2,340,000	5.000%				
			8/15/2022	1,335,000	5.000%				
			8/15/2022	1,000,000	4.000%				
			8/15/2023	45,000	4.000%	18,115,000		2,145,000	15,970,000
Refunding School Bonds	5/16/2013	\$ 3,220,000	8/1/2016	1,025,000	3.000%	2,080,000	-	1,055,000	1,025,000
2015 School Bonds	2/10/2015	\$ 81,480,000	2/1/2017	2,500,000	3.000%				
			2/1/2018	3,500,000	3.000%				
			2/1/2019	3,595,000	3.000%				
			2/1/2020	3,685,000	3.000%				
			2/1/2021	3,775,000	3.000%				
			2/1/2022	3,880,000	3.000%				
			2/1/2023	3,985,000	3.000%				
			2/1/2024	4,105,000	3.000%				
			2/1/2025	4,230,000	3.000%				
			2/1/2026	4,360,000	3.000%				
			2/1/2027	4,500,000	3.000%				
			2/1/2028	4,640,000	3.000%				
			2/1/2029	4,785,000	3.000%				
			2/1/2030	4,940,000	3.000%				
			2/1/2031	5,000,000	3.000%				
			2/1/2032	5,000,000	3.000%				
			2/1/2033	5,000,000	3.125%				
			2/1/2034	5,000,000	3.250%				
			2/1/2035	5,000,000	4.000%	81,480,000	-	-	81,480,000
Refunding School Bonds	5/26/2016	\$ 8,700,000	8/15/2023	2,160,000	3.000%				
			8/15/2024	2,220,000	3.000%				
			8/15/2025	2,180,000	4.000%				
			8/15/2026	2,140,000	4.000%				
						-	\$ 8,700,000	-	8,700,000
						\$ 111,360,000	\$ 8,700,000	\$ 12,865,000	\$ 107,195,000

Paid by Budget Appropriation	\$ 3,220,000
Bonds Refunded	9,645,000
	\$ 12,865,000

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR JUNE 30, 2016**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Lease Purchase Agreement - Trailers	1.26%	\$ 3,850,000	\$ 1,567,246	\$ 778,717	\$ 788,529
Lease Purchase Agreement - ESIP	2.747%	<u>7,534,000</u>	<u>7,534,000</u>	<u>87,000</u>	<u>7,447,000</u>
		<u>\$ 11,384,000</u>	<u>\$ 9,101,246</u>	<u>\$ 865,717</u>	<u>\$ 8,235,529</u>
			Paid by Budget Appropriation	<u>\$ 865,717</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance-Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 6,830,644	-	\$ 6,830,644	\$ 6,830,644	-
Total Revenues	<u>6,830,644</u>	<u>-</u>	<u>6,830,644</u>	<u>6,830,644</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest on Bonds	3,617,176	-	3,617,176	3,617,176	-
Redemption of Principal	3,220,000	-	3,220,000	3,220,000	-
Cost of Issuance on Refunding Bonds	-	-	-	101,876	\$ (101,876)
Total Expenditures	<u>6,837,176</u>	<u>-</u>	<u>6,837,176</u>	<u>6,939,052</u>	<u>(101,876)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(6,532)</u>	<u>-</u>	<u>(6,532)</u>	<u>(108,408)</u>	<u>101,876</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding Bonds Issued				8,700,000	8,700,000
Premium on Refunding Bonds				1,259,043	1,259,043
Payment to Refunding Agent	-	-	-	(9,851,130)	(9,851,130)
Total Other Financing Sources (Uses)				107,913	107,913
Net Change in Fund Balances	(6,532)	-	(6,532)	(495)	6,037
Fund Balance, Beginning of Year	<u>18,771</u>	<u>-</u>	<u>18,771</u>	<u>18,771</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 12,239</u>	<u>\$ -</u>	<u>\$ 12,239</u>	<u>\$ 18,276</u>	<u>\$ 6,037</u>

Recapitulation of Fund Balance:

Restricted for Debt Service:

    Designated for Subsequent Year's

        Budget (2016/17)

        Available for Debt Service Expenditures

\$ 12,239

6,037

Total Fund Balance - Restricted  
for Debt Service

\$ 18,276

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

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



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

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 34,220,564	\$ 33,831,771	\$ 35,149,989	\$ 38,398,886	\$ 41,107,004	\$ 43,142,234	\$ 43,659,102	\$ 45,676,154	\$ 41,256,919	\$ 48,328,719
Restricted	1,083,816	2,200,667	3,152,950	469,197	494,561	2,418,650	2,378,881	4,816,020	14,424,083	12,383,678
Unrestricted	7,053,547	4,289,887	(1,090,978)	(360,174)	(1,300,219)	(531,325)	(489,287)	(40,173,039)	(40,472,737)	(40,364,250)
<b>Total Governmental Activities Net Position</b>	<b>\$ 42,357,927</b>	<b>\$ 40,322,325</b>	<b>\$ 37,211,961</b>	<b>\$ 38,507,909</b>	<b>\$ 40,301,346</b>	<b>\$ 45,029,559</b>	<b>\$ 45,548,696</b>	<b>\$ 10,319,135</b>	<b>\$ 15,208,265</b>	<b>\$ 20,348,147</b>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 190,972	\$ 303,922	\$ 290,405	\$ 290,826	\$ 252,883	\$ 335,719	\$ 369,629	\$ 406,306	\$ 444,798	\$ 418,684
Restricted										
Unrestricted	1,414,083	1,025,301	1,040,844	1,002,349	1,020,653	1,012,874	739,631	(1,601,375)	(1,234,507)	(1,061,651)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,605,055</b>	<b>\$ 1,329,223</b>	<b>\$ 1,331,249</b>	<b>\$ 1,293,175</b>	<b>\$ 1,273,536</b>	<b>\$ 1,348,593</b>	<b>\$ 1,109,260</b>	<b>\$ (1,195,069)</b>	<b>\$ (789,709)</b>	<b>\$ (642,967)</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 34,411,536	\$ 34,135,693	\$ 35,440,394	\$ 38,689,712	\$ 41,359,887	\$ 43,477,953	\$ 44,028,731	\$ 46,082,460	\$ 41,701,717	\$ 48,747,403
Restricted	1,083,816	2,200,667	3,152,950	469,197	494,561	2,418,650	2,378,881	4,816,020	14,424,083	12,383,678
Unrestricted	8,467,630	5,315,188	(50,134)	642,175	(279,566)	481,549	250,344	(41,774,414)	(41,707,244)	(41,425,901)
<b>Total District Net Position</b>	<b>\$ 43,962,982</b>	<b>\$ 41,651,548</b>	<b>\$ 38,543,210</b>	<b>\$ 39,801,084</b>	<b>\$ 41,574,882</b>	<b>\$ 46,378,152</b>	<b>\$ 46,657,956</b>	<b>\$ 9,124,066</b>	<b>\$ 14,418,556</b>	<b>\$ 19,705,180</b>

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

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

Source: School District's financial statements

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

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 48,211,800	\$ 51,609,084	\$ 52,491,925	\$ 51,800,496	\$ 51,187,383	\$ 52,508,130	\$ 57,429,491	\$ 56,162,752	\$ 65,459,896	\$ 73,391,280
Special Education	22,909,301	23,840,057	23,607,825	24,657,000	25,441,211	25,023,891	27,728,427	26,765,570	30,420,992	30,163,329
Vocational- Tuition	203,844	200,478	222,850	283,705	313,672	250,761	194,464	200,630	155,650	215,633
Other Instruction	3,509,757	4,639,464	4,956,848	4,973,648	4,702,223	5,248,842	5,412,521	5,728,808	6,549,875	4,264,395
School Sponsored Activities And Athletics	1,592,963	1,539,266	1,603,049	1,635,318	1,552,538	1,754,456	1,771,383	1,792,310	2,231,855	2,961,270
<b>Support Services:</b>										
Student & Instruction Related Services	14,009,604	14,995,363	16,013,316	17,932,549	19,965,665	19,962,740	19,802,557	18,398,799	18,343,728	21,534,055
School Administrative Services	5,746,753	5,827,957	5,788,752	6,107,929	5,950,228	6,372,457	6,913,611	7,080,686	8,091,290	8,048,181
General Administration	2,034,609	2,196,666	2,780,841	1,994,328	2,201,551	2,279,687	2,735,360	2,547,296	2,268,730	2,519,964
<b>Central Services</b>										
Plant Operations And Maintenance	13,808,917	14,765,579	15,505,186	14,671,738	14,312,598	13,224,205	13,992,340	14,556,907	16,484,904	17,306,672
Administrative Information Technology										
Pupil Transportation	11,188,708	11,425,661	12,284,009	12,727,188	12,834,232	13,034,098	13,875,038	14,071,942	14,119,145	13,746,290
Other Support Services	2,548,681	2,784,542	2,850,416	2,991,567	2,636,473	2,737,984	3,008,990	3,203,842	3,302,460	3,086,455
Special Schools										
Interest On Long-Term Debt	2,786,764	2,429,476	1,970,981	2,020,812	1,991,040	1,857,458	1,631,754	1,449,161	2,387,803	3,910,083
<b>Total Governmental Activities Expenses</b>	<b>128,551,701</b>	<b>136,253,593</b>	<b>140,075,998</b>	<b>141,796,278</b>	<b>143,088,814</b>	<b>144,254,709</b>	<b>154,495,936</b>	<b>151,958,703</b>	<b>169,816,328</b>	<b>181,147,607</b>
<b>Business-Type Activities:</b>										
Food Service	2,051,028	2,622,446	2,364,073	2,552,877	2,666,604	2,791,092	3,235,950	3,197,377	3,415,527	3,903,479
Child Care	848,377	1,000,367	1,073,111	1,021,256	958,231	884,280	960,597	827,389	724,928	720,952
Other Business-Types	86,233	84,861	82,599	49,278	-	4,975	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>2,985,638</b>	<b>3,707,674</b>	<b>3,519,783</b>	<b>3,623,411</b>	<b>3,624,835</b>	<b>3,680,347</b>	<b>4,196,547</b>	<b>4,024,766</b>	<b>4,140,455</b>	<b>4,624,431</b>
<b>Total District Expenses</b>	<b>\$ 131,537,339</b>	<b>\$ 139,961,267</b>	<b>\$ 143,595,781</b>	<b>\$ 145,419,689</b>	<b>\$ 146,713,649</b>	<b>\$ 147,935,056</b>	<b>\$ 158,692,483</b>	<b>\$ 155,983,469</b>	<b>\$ 173,956,783</b>	<b>\$ 185,772,038</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction (Tuition)				\$ 73,741	\$ 133,882	\$ 165,595	\$ 197,090	\$ 224,759	\$ 340,224	\$ 492,641
Pupil Transportation	\$ 1,652	\$ 25,336	\$ 6,050	9,476	4,113	4,862	2,210	6,713	10,327	17,680
Operations and Maintenance								6,967	14,803	27,219
Central And Other Support Services				33,993	13,911					
Operating Grants And Contributions	25,127,791	26,166,713	20,768,547	24,635,038	19,604,323	21,655,220	24,945,853	23,255,831	37,566,708	43,431,077
Capital Grants And Contributions	-	-	477,119	-	238,951	-	-	33,008	681,110	1,966,585
<b>Total Governmental Activities Program Revenues</b>	<b>25,129,443</b>	<b>26,192,049</b>	<b>21,251,716</b>	<b>24,752,248</b>	<b>19,995,180</b>	<b>21,825,677</b>	<b>25,145,153</b>	<b>23,527,278</b>	<b>38,613,172</b>	<b>45,935,202</b>

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

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	\$ 1,281,876	\$ 1,273,416	\$ 1,276,337	\$ 1,196,709	\$ 1,217,436	\$ 1,209,131	\$ 1,335,967	\$ 1,231,275	\$ 1,345,128	\$ 1,280,300
Child Care	920,820	1,036,865	1,060,079	982,827	891,065	887,099	828,992	779,896	892,225	875,555
Other Business-Types	76,173	76,294	67,941	22,118	-	-	-	-	-	-
Operating Grants And Contributions	881,792	1,006,345	1,106,970	1,362,697	1,494,268	1,663,011	1,790,184	2,159,203	2,306,793	2,613,245
Capital Grants And Contributions	-	-	-	16,882	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>3,160,661</b>	<b>3,392,920</b>	<b>3,511,327</b>	<b>3,581,233</b>	<b>3,602,769</b>	<b>3,759,241</b>	<b>3,955,143</b>	<b>4,170,374</b>	<b>4,544,146</b>	<b>4,769,100</b>
<b>Total District Program Revenues</b>	<b>\$ 28,290,104</b>	<b>\$ 29,584,969</b>	<b>\$ 24,763,043</b>	<b>\$ 28,333,481</b>	<b>\$ 23,597,949</b>	<b>\$ 25,584,918</b>	<b>\$ 29,100,296</b>	<b>\$ 27,697,652</b>	<b>\$ 43,157,318</b>	<b>\$ 50,704,302</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$(103,422,258)	\$(110,061,544)	\$(118,824,282)	\$(117,044,030)	\$(123,093,634)	\$(122,429,032)	\$(129,350,783)	\$(128,431,425)	\$(131,203,156)	\$(135,212,405)
Business-Type Activities	175,023	(314,754)	(8,456)	(42,178)	(22,066)	78,894	(241,404)	145,608	403,691	144,669
<b>Total District-Wide Net Expense</b>	<b>\$(103,247,235)</b>	<b>\$(110,376,298)</b>	<b>\$(118,832,738)</b>	<b>\$(117,086,208)</b>	<b>\$(123,115,700)</b>	<b>\$(122,350,138)</b>	<b>\$(129,592,187)</b>	<b>\$(128,285,817)</b>	<b>\$(130,799,465)</b>	<b>\$(135,067,736)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 96,893,929	\$ 100,491,900	\$ 103,710,205	\$ 107,858,613	\$ 113,522,271	\$ 116,566,508	\$ 119,844,543	\$ 122,328,118	\$ 124,774,680	\$ 127,310,166
Taxes Levied For Debt Service	5,591,169	5,540,618	5,555,972	5,473,040	5,256,152	5,179,875	4,998,351	4,824,932	4,626,751	6,830,644
Federal and State Aid Unrestricted	2,060,619	2,344,227	6,012,350	4,675,225	5,635,918	5,394,973	5,723,451	5,667,033	5,652,255	5,606,723
Investment Earnings	994,285	826,863	186,141	147,413	104,097	20,304	17,668	21,682	53,351	277,087
Miscellaneous Income	424,578	141,500	249,250	185,687	368,633	742,648	229,302	410,355	985,249	327,667
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>105,964,580</b>	<b>109,345,108</b>	<b>115,713,918</b>	<b>118,339,978</b>	<b>124,887,071</b>	<b>127,904,308</b>	<b>130,813,315</b>	<b>133,252,120</b>	<b>136,092,286</b>	<b>140,352,287</b>
Business-Type Activities:										
Investment Earnings	57,134	38,922	10,482	4,104	2,427	2,246	2,071	1,985	1,669	2,073
Miscellaneous Income	51,097	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>108,231</b>	<b>38,922</b>	<b>10,482</b>	<b>4,104</b>	<b>2,427</b>	<b>2,246</b>	<b>2,071</b>	<b>1,985</b>	<b>1,669</b>	<b>2,073</b>
<b>Total District-Wide</b>	<b>\$ 106,072,811</b>	<b>\$ 109,384,030</b>	<b>\$ 115,724,400</b>	<b>\$ 118,344,082</b>	<b>\$ 124,889,498</b>	<b>\$ 127,906,554</b>	<b>\$ 130,815,386</b>	<b>\$ 133,254,105</b>	<b>\$ 136,093,955</b>	<b>\$ 140,354,360</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 2,542,322	\$ (716,436)	\$ (3,110,364)	\$ 1,295,948	\$ 1,793,437	\$ 5,475,276	\$ 1,462,532	\$ 4,820,695	\$ 4,889,130	\$ 5,139,882
Business-Type Activities	283,254	(275,832)	2,026	(38,074)	(19,639)	81,140	(239,333)	147,593	405,360	146,742
<b>Total District</b>	<b>\$ 2,825,576</b>	<b>\$ (992,268)</b>	<b>\$ (3,108,338)</b>	<b>\$ 1,257,874</b>	<b>\$ 1,773,798</b>	<b>\$ 5,556,416</b>	<b>\$ 1,223,199</b>	<b>\$ 4,968,288</b>	<b>\$ 5,294,490</b>	<b>\$ 5,286,624</b>

Source: School District's financial statements

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

	2007	2008	2009	2010	Fiscal Year Ended June 30,		2013	2014	2015	2016
					2011	2012				
<b>General Fund</b>										
Reserved	\$ 7,833,845	\$ 6,608,583	\$ 3,733,172	\$ 546,341						
Unreserved	4,209,850	3,593,878	1,797,093	2,260,009						
Nonspendable					\$ 51,745	\$ 47,811	\$ 98,510	\$ 5,500	\$ 35,335	\$ 21,876
Restricted					469,450	2,408,526	1,484,755	5,047,571	7,841,547	13,106,296
Committed					95,106					
Assigned					2,178,215	2,055,391	2,200,295	2,036,714	1,189,076	118,255
Unassigned	-	-	-	-	(161,953)	537,201	178,520	201,785	277,833	284,642
<b>Total General Fund</b>	<u>\$ 12,043,695</u>	<u>\$ 10,202,461</u>	<u>\$ 5,530,265</u>	<u>\$ 2,806,350</u>	<u>\$ 2,632,563</u>	<u>\$ 5,048,929</u>	<u>\$ 3,962,080</u>	<u>\$ 7,291,570</u>	<u>\$ 9,343,791</u>	<u>\$ 13,531,069</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 78,637	\$ 595,484	\$ 218,637	\$ 1,096,972						
Unreserved	(645,793)	(1,091,062)	(268,312)	(260,118)						
Restricted					\$ 25,111	\$ 10,124	\$ 2,316,066	\$ 678,169	\$ 90,335,118	\$ 80,207,818
Unassigned	-	-	-	-	-	(119,872)	(42,798)	(83,684)	(82,338)	-
<b>Total All Other Governmental Funds</b>	<u>\$ (567,156)</u>	<u>\$ (495,578)</u>	<u>\$ (49,675)</u>	<u>\$ 836,854</u>	<u>\$ 25,111</u>	<u>\$ (109,748)</u>	<u>\$ 2,273,268</u>	<u>\$ 594,485</u>	<u>\$ 90,252,780</u>	<u>\$ 80,207,818</u>

Source: School District's financial statements

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Property Tax Levy	\$102,485,098	\$ 106,032,518	\$109,266,177	\$ 113,331,653	\$118,778,423	\$121,746,383	\$ 124,842,894	\$ 127,153,050	\$ 129,401,431	\$ 134,140,810
Interest Earnings	994,285	826,863	186,141	147,413	104,097	20,304	17,668	21,682	53,351	277,087
Miscellaneous	456,033	186,136	278,290	346,113	559,070	941,205	514,069	656,704	1,351,593	881,268
State Sources	23,870,556	25,623,391	24,303,925	24,641,410	20,636,160	24,265,977	27,154,099	25,646,793	27,934,086	30,928,420
Federal Sources	3,288,053	2,868,249	2,931,101	4,625,637	4,804,501	2,756,116	3,429,738	3,301,169	3,768,046	3,766,543
<b>Total Revenue</b>	<b>131,094,025</b>	<b>135,537,157</b>	<b>136,968,634</b>	<b>143,092,226</b>	<b>144,882,251</b>	<b>149,729,985</b>	<b>155,958,468</b>	<b>156,779,398</b>	<b>162,508,507</b>	<b>169,994,128</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	46,841,568	50,070,926	50,682,415	50,479,575	49,798,775	51,260,986	56,143,236	54,732,571	56,656,766	61,155,988
Special Education Instruction	22,500,290	23,427,431	22,986,773	24,208,814	25,009,408	23,478,244	27,328,262	26,318,104	27,444,933	26,605,432
Vocational Education- Tuition	203,844	200,478	222,850	276,847	290,720	250,761	192,500	200,630	155,650	215,633
Other Instruction	3,513,819	4,454,173	4,724,311	4,780,010	4,722,248	5,267,425	5,416,071	5,710,428	5,615,190	4,264,542
School Sponsored Activities and Athletics	1,418,730	1,540,371	1,598,045	1,633,437	1,552,815	1,759,726	1,771,816	1,787,615	1,780,494	2,305,978
Adult/Continuing Education	175,878	188,777	214,703	190,908						
<b>Support Services:</b>										
Student and Inst. Related Services	13,828,828	14,809,948	15,888,318	17,881,242	19,912,229	21,105,381	19,779,023	18,318,408	17,830,765	20,358,885
General Administration	2,035,705	5,720,479	5,660,521	6,053,385	5,858,446	6,321,732	6,857,877	7,000,686	7,306,968	6,968,106
School Administrative Services	5,641,422	2,197,464	2,666,626	1,909,371	2,114,949	2,251,227	2,594,094	2,486,621	2,197,604	2,429,740
Plant Operations And Maintenance	13,311,401	14,264,885	15,104,364	14,325,775	13,943,526	12,957,922	13,672,081	14,210,136	16,007,608	16,665,237
Pupil Transportation	11,106,169	11,342,666	12,141,341	12,594,331	12,702,501	12,750,025	13,274,603	13,463,141	13,477,190	13,087,024
Other Support Services	2,523,886	2,758,851	2,839,693	2,992,863	2,624,129	2,639,022	2,894,371	3,079,272	3,127,798	2,907,905
Employee Benefits										
Special Schools										
Capital Outlay	1,518,424	759,746	893,809	2,201,438	2,011,559	2,226,152	2,796,427	2,213,056	2,755,435	10,879,891
<b>Debt Service:</b>										
Principal	3,199,000	3,195,000	3,310,000	3,715,000	3,365,000	3,350,000	4,049,267	4,074,459	4,035,028	4,085,717
Interest and Other Charges	2,599,623	2,375,618	2,257,658	1,686,716	1,962,476	1,829,875	1,826,494	1,533,564	1,421,562	4,029,647
<b>Total Expenditures</b>	<b>130,418,587</b>	<b>137,306,813</b>	<b>141,191,927</b>	<b>144,929,712</b>	<b>145,868,781</b>	<b>147,448,478</b>	<b>158,596,122</b>	<b>155,128,691</b>	<b>159,812,991</b>	<b>175,959,725</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	675,438	(1,769,656)	(4,226,293)	(1,837,486)	(986,530)	2,281,507	(2,637,654)	1,650,707	2,695,516	(5,965,597)
<b>Other Financing Sources (Uses)</b>										
Refunding Bonds Issued			24,970,000				3,220,000	-	-	8,700,000
Payment to Refunded Bond Escrow Agent			(25,265,000)				(3,258,625)	-	-	(9,851,130)
Original Issue Premium			2,893,497				122,446	-	-	1,259,043
Refunding Bond Issuance Costs			(211,126)							
Advance Refunding Escrow			(2,387,371)							
capital Leases (non-budgeted)										
Bond Proceeds									81,480,000	-
Lease Purchase Proceeds							3,850,000	-	7,535,000	-
Transfers In	42,582	614,089	173,107	2,684,056		536,238	1,344,066	409,041	4,323,252	4,081,918
Transfers Out	(42,582)	(614,089)	(173,107)	(2,684,056)	-	(536,238)	(1,344,066)	(409,041)	(4,323,252)	(4,081,918)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,933,821</b>	<b>-</b>	<b>89,015,000</b>	<b>107,913</b>
<b>Net Change in Fund Balances</b>	<b>\$ 675,438</b>	<b>\$ (1,769,656)</b>	<b>\$ (4,226,293)</b>	<b>\$ (1,837,486)</b>	<b>\$ (986,530)</b>	<b>\$ 2,281,507</b>	<b>\$ 1,296,167</b>	<b>\$ 1,650,707</b>	<b>\$ 91,710,516</b>	<b>\$ (5,857,684)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	4.50%	4.08%	3.97%	3.78%	3.70%	3.57%	3.77%	3.67%	3.47%	4.92%

\* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u> *	<u>Total</u>
2007	\$ 951,703	\$ 181,948	\$ 1,133,651
2008	825,426	166,836	992,262
2009	186,127	255,300	441,427
2010	147,413	302,896	450,309
2011	104,097	520,540	624,637
2012	20,304	902,981	923,285
2013	17,410	428,602	446,012
2014	21,599	410,790	432,389
2015	41,665	1,349,624	1,391,289
2016	44,158	865,207	909,365

**Source: District Records**

\* Includes tuition and transportation fees

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2007	\$ 138,567,850	\$ 6,629,723,030	\$ 61,565,800	\$ 2,638,900	\$ 991,258,400	\$ 667,004,600	\$ 266,447,700	\$ 8,757,206,280	\$ 13,164,292	\$ 8,770,370,572	\$ 8,770,370,572	\$ 1.190
2008	135,587,850	6,724,718,300	60,513,300	2,584,500	985,424,000	662,629,900	275,640,000	8,847,097,850	13,237,840	8,640,599,365	8,640,599,365	1.215
2009	184,284,150	6,367,591,200	54,596,700	2,552,600	1,583,502,300	1,011,952,300	395,120,110	9,599,599,360	15,837,185	9,599,599,350	8,981,779,267	1.158
2010	169,438,250	6,132,246,200	53,574,000	2,591,200	1,519,943,600	956,461,000	369,729,000	9,203,983,250	17,107,016	9,221,090,266	8,807,985,422	1.259
2011	145,990,550	6,140,490,060	53,565,500	2,515,100	1,575,946,400	930,753,500	373,499,000	9,222,760,110	13,553,369	9,236,313,479	9,038,656,371	1.947
2012	135,353,750	6,011,415,000	52,982,700	2,531,400	1,512,771,600	870,587,700	380,959,000	8,966,601,150	13,443,173	8,980,044,323	8,716,929,024	1.373
2013	127,484,650	5,921,770,300	52,241,000	2,451,900	1,480,199,000	865,740,400	403,781,000	8,853,668,250	15,113,394	8,868,784,644	8,939,497,440	1.421
2014	129,253,500	5,983,129,300	53,223,300	2,449,300	1,465,301,800	881,516,000	423,310,000	8,938,183,200	12,878,452	8,951,061,702	8,934,609,316	1.434
2015	114,843,950	6,108,979,900	53,503,200	2,436,200	1,458,437,700	876,347,100	430,110,700	9,044,658,750	13,834,966	9,058,493,716	9,086,544,843	1.455
2016	105,991,250	6,264,115,500	53,070,100	2,314,900	1,439,253,800	892,254,300	474,560,700	9,231,560,550	14,642,198	9,246,202,748	9,190,912,559	1.472

Source: County Abstract of Ratables

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

<u>Calendar Year</u>	<u>Local School</u>	<u>Municipal Tax</u>	<u>County Tax</u>	<u>Total Tax Levy</u>
2016	\$ 136,084,365	\$ 42,597,608	\$ 32,194,174	\$ 210,876,147
2015	131,771,120	41,904,020	31,480,957	205,156,097
2014	128,277,241	40,774,660	30,571,732	199,623,633
2013	125,997,973	39,480,257	29,671,271	195,149,501
2012	123,294,639	38,261,670	29,745,051	191,301,359
2011	120,262,403	34,291,090	26,892,382	181,445,875
2010	116,055,038	34,947,230	28,443,626	179,445,894
2009	111,298,915	33,989,251	28,307,600	173,595,766
2008	107,649,348	33,195,765	27,353,108	168,198,221
2007	104,258,808	32,411,805	25,979,059	162,649,672

**Per \$100 Of Assessed Valuation**

2016	1.472	0.46	0.349	2.281
2015	1.455	0.462	0.348	2.265
2014	1.434	0.455	0.342	2.231
2013	1.421	0.445	0.335	2.201
2012	1.373	0.426	0.332	2.131
2011	1.302	0.421	0.323	2.046
2010	1.259	0.378	0.31	1.947
2009	1.158	0.353	0.295	1.810
2008	1.215	0.309	0.375	1.900
2007	1.19	0.0371	0.299	1.860

Source: Municipal Tax Offices



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

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
	Morgan Stanley MGT % Frank Torres	\$ 90,800,000
SG 2007-FL 14 NJOP Holdings Inc.	87,300,000	0.96%
SHI International Corp.	86,275,000	0.95%
Avalon Bay Communities, Inc.	67,200,000	0.74%
Levin Properties LP	57,950,000	0.64%
Segal Realty Corp.	55,200,000	0.61%
Green Hill Manor Developers LLC	46,600,000	0.51%
Philips Electronics	41,000,000	0.45%
La Fonge Associates	40,830,000	0.45%
700 Cottontail, LLC	39,935,200	0.44%
	<b>\$ 613,090,200</b>	<b>6.75%</b>

Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value
	I&G Garden State, LLC	\$ 103,534,300
290 Davidson Avenue	40,599,900	0.475%
Philips Electronics	40,000,000	0.468%
Wood West Realty, LLC	38,400,000	0.450%
First Industrial L.P.	38,105,000	0.446%
Segal Realty Corp.	32,300,000	0.378%
Suntrust Bank C/O Cardinal	29,504,400	0.345%
PFH Somerset LLC	28,900,000	0.338%
Weston Canal Associates	27,800,000	0.325%
Whitehall Gardens LLC	26,903,000	0.315%
	<b>\$ 406,046,600</b>	<b>3.54%</b>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 102,485,098	\$ 102,485,098	100.00%	-
2008	106,032,518	106,032,518	100.00%	-
2009	109,266,177	109,266,177	100.00%	-
2010	113,331,653	113,331,653	100.00%	-
2011	118,778,423	118,778,423	100.00%	-
2012	121,746,383	121,193,063	99.55%	\$ 553,320
2013	124,842,894	124,842,894	100.00%	-
2014	127,153,050	127,153,050	100.00%	-
2015	129,401,431	129,401,431	100.00%	-
2016	134,140,810	134,140,810	100.00%	-

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase Agreements			
2007	\$ 56,960,000	\$ 99,229	\$ 57,059,229	61,635	\$ 926
2008	53,765,000	16,360	53,781,360	62,124	866
2009	50,160,000		50,160,000	62,903	797
2010	46,445,000		46,445,000	62,421	744
2011	43,080,000		43,080,000	62,577	688
2012	39,730,000		39,730,000	63,485	626
2013	36,460,000	3,095,733	39,555,733	63,485	623
2014	33,145,000	2,336,274	35,481,274	65,280	544
2015	111,360,000	9,101,246	120,461,246	65,938	1,827
2016	107,195,000	8,235,529	115,430,529	66,158 (E)	1,745

(E) Estimated

Source: District records

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2007	\$ 56,960,000		\$ 56,960,000	0.65%	\$ 924
2008	53,765,000		53,765,000	0.62%	865
2009	50,160,000		50,160,000	0.52%	797
2010	46,445,000		46,445,000	0.50%	744
2011	43,080,000		43,080,000	0.47%	688
2012	39,730,000		39,730,000	0.44%	626
2013	36,460,000		36,460,000	0.41%	574
2014	33,145,000		33,145,000	0.37%	508
2015	111,360,000		111,360,000	1.23%	1,689
2016	107,195,000	\$ 18,276	107,176,724	1.16%	1,620

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF DECEMBER 31, 2015**  
**(Unaudited)**

	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u>	<u>Amount</u> <u>Applicable to</u> <u>Government</u>
<b>Overlapping Debt Apportioned to the Municipality:</b>			
<b>Municipal Debt (1)</b>			
Township of Franklin	\$ 58,178,649	100.00%	\$ 58,178,649
<b>County Debt (2)</b>			
Somerset County	29,346,055		29,346,055
<b>Other (3)</b>			
Franklin Township Sewerage Authority	12,751,007	100.00%	<u>12,751,007</u>
<b>Total Overlapping Debt</b>			<u>100,275,711</u>
Direct Debt- Franklin Township Public Schools (as of June 30, 2016)			<u>115,411,293</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 215,687,004</u>

## Source:

(1) Township's 2015 Annual Debt Statement

(2) The debt for this entity was apportioned to Township by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Somerset County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2015 \$ 9,012,214,777
	2014 9,030,292,231
	2013 8,803,488,366
	<u>\$ 26,845,995,374</u>
Average equalized valuation of taxable property	\$ 8,948,665,125
Debt limit (4 % of average equalization value)	357,946,605 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>107,195,257</u>
Legal debt margin	<u>\$ 250,751,348</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 213,252,862	\$ 268,279,579	\$ 356,883,087	\$ 373,690,715	\$ 380,696,199	\$ 380,821,265	\$ 362,382,359	\$ 362,382,359	\$ 356,377,811	\$ 357,946,605
Total Net Debt Applicable to Limit	<u>56,960,638</u>	<u>53,765,000</u>	<u>50,160,000</u>	<u>46,445,638</u>	<u>43,080,638</u>	<u>39,730,638</u>	<u>36,460,000</u>	<u>33,145,000</u>	<u>111,360,257</u>	<u>107,195,257</u>
Legal Debt Margin	<u>\$ 156,292,224</u>	<u>\$ 214,514,579</u>	<u>\$ 306,723,087</u>	<u>\$ 327,245,077</u>	<u>\$ 337,615,561</u>	<u>\$ 341,090,627</u>	<u>\$ 325,922,359</u>	<u>\$ 329,237,359</u>	<u>\$ 245,017,554</u>	<u>\$ 250,751,348</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26.71%	20.04%	14.06%	12.43%	11.32%	10.43%	10.06%	9.15%	31.25%	29.95%

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

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

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

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Somerset County)</u>	<u>Population</u>
2006	4.2%	\$ 63,758	60,808
2007	3.6%	68,181	61,635
2008	4.9%	71,677	62,124
2009	8.5%	73,011	62,903
2011	8.5%	69,406	62,421
2012	8.0%	69,906	62,577
2013	8.3%	72,704	63,485
2014	7.3%	76,918	65,280
2015	5.7%	77,685	65,938
2016	4.9%	83,731	66,158

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





**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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	745	741	772	749	697	463	487	491	497	495
Special Education						296	277	279	281	285
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	131	123	117	109	148	151	142	143	144	146
General Administration	6	6	6	6	8	7	7	6	6	6
School Administrative Services	57	57	57	47	50	49	47	46	46	46
Other Administrative Services										
Central Services	18	18	22	18	17	17	18	19	19	19
Administrative Information Technology	10	10	10	10	10	9	11	11	11	11
Plant Operations And Maintenance	164	144	145	130	123	144	148	147	146	146
Pupil Transportation	23	22	28	28	26	22	24	24	22	21
Other Support Services				-						
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>1,154</u>	<u>1,121</u>	<u>1,157</u>	<u>1,097</u>	<u>1,077</u>	<u>1,158</u>	<u>1,161</u>	<u>1,166</u>	<u>1,172</u>	<u>1,175</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	7,698	\$ 115,090,037	\$ 14,951	8.72%	674	12.5:1	9.4:1	12.1:1	7,257	6,891	0.92%	94.96%
2008	7,966	130,976,449	16,442	9.97%	699	10.7:1	8.2:1	11.3:1	7,613	7,195	4.91%	94.51%
2009	7,951	134,730,460	16,945	3.06%	699	11.1:1	7.9:1	11.0:1	7,600	7,205	-0.17%	94.80%
2010	8,120	137,326,558	16,912	-0.19%	725	11.6:1	8.0:1	11.7:1	7,747	7,363	1.93%	95.04%
2011	8,172	138,529,746	16,952	0.23%	747	11.6:1	8.0:1	11:06	7,826	7,453	1.02%	95.23%
2012	8,145	140,042,451	17,194	1.43%	641	12:07:01	9:08:01	12:01	7,767	7,420	-0.75%	95.53%
2013	8,281	149,923,934	18,105	5.30%	644	11.1:1	9.6:1	11.8:1	7,640	7,272	-1.64%	95.18%
2014	8,138	147,307,612	18,101	5.28%	653	12.1:2	10.2:1	12.1:1	7,633	7,276	-1.73%	95.32%
2015	7,782	151,600,966	19,481	13.30%	659	11.7:1	10:01	10.8:1	7,494	7,144	-3.51%	95.33%
2016	7,560	156,964,470	20,762	14.68%	665	11.4:1	9.95:1	10.6:1	7,298	6,966	-4.48%	95.45%

Sources: District records

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

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

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>District Building</b>											
<b>Elementary</b>											
Conerly Road School (1966, Add 1998)											
Square Feet		46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)		410	410	410	410	410	410	410	410	410	410
Enrollment		415	485	481	486	502	480	453	448	435	409
Elizabeth Ave School (1957, Add 1998, 2004)											
Square Feet	** (4)	48,919	48,919	48,919	48,919	48,919	48,919	48,919	48,919	48,919	58,159
Capacity (students)		513	513	513	513	513	513	513	513	513	513
Enrollment		526	529	501	489	614	624	624	653	659	617
Franklin Park School (1998)											
Square Feet		99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)		773	773	773	773	773	773	773	773	773	773
Enrollment (inc. Annex)		913	996	1,009	1,106	904	877	875	940	890	842
Franklin Park Annex (1957)											
Square Feet	** (1)	18,247	18,247	18,247	18,247	23,827	23,827	23,827	23,827	23,827	26,137
Capacity (students)		87	87	87	87	135	135	135	135	135	135
Enrollment		141	91	115	79	138	139	108	-	-	-
Hillicrest School (1958)											
Square Feet	** (2)	52,122	52,122	52,122	52,122	52,122	52,122	52,122	52,122	52,122	56,742
Capacity (students)		488	488	488	488	488	488	488	488	488	488
Enrollment		395	445	476	483	507	465	440	422	392	422
MacAfee Road School (1966, Add 2004)											
Square Feet	** (2)	46,449	46,449	46,449	46,449	46,449	46,449	46,449	46,449	46,449	51,069
Capacity (students)		432	432	432	432	432	432	432	432	432	432
Enrollment		421	411	446	496	489	492	470	447	429	413
Pine Grove Manor (1931, Add 2004)											
Square Feet	** (1)	51,212	51,212	51,212	51,212	51,212	51,212	51,212	51,212	51,212	53,522
Capacity (students)		400	400	400	400	400	400	400	400	400	400
Enrollment		406	404	457	443	453	439	443	414	396	385
Sampson G. Smith School (1968)											
Square Feet	** (2)	134,290	134,290	134,290	134,290	134,290	134,290	134,290	134,290	134,290	138,910
Capacity (students)		1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment		1,080	1,056	1,044	1,110	1,192	1,164	1,136	1,134	1,086	1,031

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
<b><u>Middle School (2006) /High School (1960-2005)</u></b>										
Franklin Middle School (1960)										
Square Feet	228,078	228,078	228,078	228,078	228,078	228,078	222,553	222,553	222,553	222,553
Capacity (students)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Enrollment	1,008	1,038	1,053	1,032	1,044	1,055	1,060	1,092	1,084	1,093
<b><u>High School</u></b>										
Franklin High School (2005)										
Square Feet	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000
Capacity (students)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Enrollment	1,946	2,036	2,028	2,017	1,977	2,013	2,036	2,100	2,127	2,090

Number of Schools at June 30, 2016  
 Elementary = 7  
 Middle School = 1  
 Senior High School = 1

Source: District Records

\*\*Facility square footage includes trailers at site

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

*School Facilities	Project #	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Franklin Twp. High School	NA	\$ 140,200	\$ 194,327	\$ 194,060	\$ 152,585	\$ 123,938	\$ 148,185	\$ 148,648	\$ 140,938	\$ 221,911	\$ 136,353
Franklin Middle School	NA	160,637	133,663	195,241	153,891	145,532	140,082	115,695	119,165	93,287	164,207
Conerly Road School	NA	24,046	21,401	33,403	38,333	18,716	15,145	16,368	8,348	30,656	15,955
Elizabeth Ave School	NA	33,181	54,870	31,145	68,865	17,876	50,624	76,991	35,189	38,394	17,398
Franklin Park School	NA	51,686	55,070	66,782	74,180	58,536	90,434	139,129	67,150	70,518	49,990
Hillcrest School	NA	38,562	29,560	108,773	36,424	33,249	89,175	59,052	23,924	36,633	18,897
MacAfee Road School	NA	70,196	76,044	49,928	51,578	24,842	61,531	75,516	31,004	85,723	21,035
Pine Grove Manor School	NA	36,296	78,383	122,141	87,301	36,268	71,241	33,320	64,253	89,832	35,213
Sampson G. Smith School	NA	108,170	106,611	76,522	140,306	130,338	72,249	143,202	136,736	97,752	44,107
<b>Total School Facilities</b>		<b>\$ 662,974</b>	<b>\$ 749,929</b>	<b>\$ 877,995</b>	<b>\$ 803,463</b>	<b>\$ 589,295</b>	<b>\$ 738,666</b>	<b>\$ 807,921</b>	<b>\$ 626,707</b>	<b>\$ 764,706</b>	<b>\$ 503,155</b>
<b>Other Facilities</b>											
Kingston School											
Administration Building		\$ 15,819	\$ 16,500	\$ 26,441	\$ 20,551	\$ 15,261	\$ 41,640	\$ 21,824	\$ 19,950	\$ 107,302	\$ 42,930
Maintenance Building		113,653	21,582	19,266	28,418	34,100	41,740	37,215	54,843	58,019	-
Transportation Trailer		1,730	840	2,751	1,412	1,988	4,064	1,718	3,232	15,309	-
Bunker Hill Environmental Center		5,080	9,030	2,454	6,033	668	-	-	-	-	-
<b>Total Other Facilities</b>		<b>\$ 136,282</b>	<b>\$ 47,952</b>	<b>\$ 50,912</b>	<b>\$ 56,414</b>	<b>\$ 52,017</b>	<b>\$ 87,444</b>	<b>\$ 60,757</b>	<b>\$ 78,025</b>	<b>\$ 180,630</b>	<b>\$ 42,930</b>
<b>Grand Total</b>		<b>\$ 799,256</b>	<b>\$ 797,881</b>	<b>\$ 928,907</b>	<b>\$ 859,877</b>	<b>\$ 641,312</b>	<b>\$ 826,110</b>	<b>\$ 868,678</b>	<b>\$ 704,732</b>	<b>\$ 945,336</b>	<b>\$ 546,085</b>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF INSURANCE  
JUNE 30, 2016  
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<b><u>SCHOOL PACKAGE POLICY</u></b>		
<b><u>Selective Insurance Company</u></b>		
Property - Blanket Buildings and Contents NOTE: Contents deductible is \$2500	\$232,154,803	\$5,000
Scheduled Property - Artificial Turf	\$772,536	\$5,000
Ordinance & Law (Demolition of Undamaged Parts of Building)	inc in Blding limit	
Ordinance & Law (Increased Cost to Repair/Cost to Demolish, Clear Site)	\$10,000,000	
Equipment Breakdown Note: electrical generating equipment is subject to blding ded	follows property limits	follows property ded
Business Income		
Extra Expense Only	\$3,000,000	72 hrs
PremierPac Enhancement Endorsement	Included	
Employee Dishonesty	\$100,000	\$2,500
Theft, Disappearance and Destruction		
Loss of Monies and Securities Inside Premises	\$25,000	\$2,500
Loss of Monies and Securities Outside Premises	\$15,000	\$2,500
Money Orders and Counterfeit Paper Currency	\$5,000	\$2,500
Forgery or Alteration	\$100,000	\$2,500
Computer Fraud	\$100,000	\$2,500
Crisis Response Coverage	\$25,000	
Inland Marine Floater		
Computer - at insured locations, Transit \$1,020,018, Extra Expense \$500,200	\$10,200,080	\$1,000
Musical Instruments	\$952,526	\$1,000
Flood	\$10,000,000	\$25,000
Flood Business Income	\$1,000,000	24 hrs
Earthquake	\$10,000,000	\$25,000
Earthquake Business Income	\$1,000,000	24 hrs
		12 hours deduct.
<b><u>AUTO POLICY</u></b>		
<b><u>NJSIG Insurance</u></b>		
Comprehensive Automobile Liability	\$21,000,000	
Auto Physical Damage - Comprehensive:		
Coverage (Actual Cash Value)		\$1,000
Auto Physical Damage - Collision:		
Coverage (Actual Cash Value)		\$1,000
Hired Car Physical Damage	\$ 110,000	\$ 1,000
<b><u>EDUCATOR'S LEGAL LIABILITY - Errors &amp; Omissions</u></b>		
Educator's Legal including Employment Practices		
Limits of Liability		
	Coverage A	\$21,000,000 each
		policy period
	(Defense Only) Coverage B	\$100,000/claim
	Coverage B Aggregate	\$300,000
		\$ 15,000
		\$ 15,000
		\$ 15,000
<b><u>FLOOD INSURANCE</u></b>		
Franklin High School	500,000	5,000

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2016**  
**(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<b><u>BONDS</u></b>		
Selective Insurance		
Public Official		
Assistant Superintendent for Business/Board Secretary	\$150,000	
James H Strimple		
Selective Insurance		
Public Official		
Treasurer of School Monies	\$575,000	
Kim Esterman		
<b><u>WORKERS COMPENSATION</u></b>		
Excess Workers' Compensation		
Self Insured Retention		
Each Accident	\$750,000	
Each Employee for Disease	\$750,000	
Specific Limit Each Accident	Statutory	
Policy Part One, Workers' Compensation	\$1,000,000	
Policy Part Two, Employers Liability		
Specific Limit Each Employee for Disease		
Policy Part One, Workers' Compensation	Statutory	
Policy Part Two, Employers Liability	\$1,000,000	
<b><u>CYBER RISK</u></b>		
Third Party Liability Limits		
Media Content Insurance	\$1,000,000	\$25,000
Security & Privacy Liability	\$1,000,000	\$25,000
Regulatory Action	\$1,000,000	\$25,000
Crisis and Event Management	\$250,000	\$25,000
Cyber Extortion Insurance	\$1,000,000	\$25,000
First Party Limits		
Crisis Management Event Expenses	\$1,000,000	\$25,000
Security breach Remediation and	\$1,000,000	\$25,000
Notification Expenses	\$1,000,000	\$25,000
Computer Program Data Restoration	\$1,000,000	\$25,000
Computer Fraud	\$1,000,000	\$25,000
Funds Transfer Fraud	\$1,000,000	\$25,000
E-Commerce Extortion	\$1,000,000	\$25,000
Business Interruption	\$250,000	n/a

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2016**  
**(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<b><u>SCHOOL COMPREHENSIVE GENERAL LIABILITY</u></b>		
NJSIG		
Commercial General Liability		
Each Occurrence Limit	\$ 21,000,000	
Personal and Advertising Limit	\$ 21,000,000	
Products/Completed Operations Limit	\$ 21,000,000	
Operations Aggregate, General Aggregate Limits	\$ 21,000,000	
Fire Legal Liability - Any one fire	Included	
Medical Payments per Accident	\$ 10,000	
Medical Payments per Person	\$ 5,000	
Excluding Medpay Athletics		
Employee Benefit Program Limit & Aggregate	\$ 21,000,000	\$ 1,000
Sexual Abuse Limit	\$ 17,000,000	
Crisis Solution Coverage		
Judgements, Settlements and Defense:		
Expenses	\$ 1,000,000	
Death or Dismemberment- each person	\$ 250,000	
Disapperance	100,000	
Threat	150,000	
Philadelphia		
Premises Environmental		
Per claim	1,000,000	10,000 or 25,000
Annual aggregate	5,000,000	



**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated November 14, 2016.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Franklin Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 14, 2016.

### **Purpose of this Report**

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

*Erch, Vinci & Higgins, LLP*

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

*Donna L. Japhet*

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
November 14, 2016





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Franklin Township Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Franklin Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2016. The Franklin Township Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Franklin Township Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002 and 2016-003. Our opinion on each major federal and state program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 14, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lerch, Vinci & Higgins, LLP*

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

*Donna L. Japhet*

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
November 14, 2016



FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, Julv 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover- Receivables	Balance, June 30, 2016			MEMO GAAP Receivable
											(Accounts Receivable)	Unearned Revenue	Due To Grantor	
<b>U.S. Department of Health &amp; Human Services- Passed through State Dept. of Education</b>														
<b>General Fund</b>														
Medical Assistance Program	93.788	1605NJSMAP	N/A	7/1/15-6/30/16	\$ 308,214			\$ 174,543	\$ 308,215		\$ (133,672)			\$ (133,672)
Medical Assistance Program			N/A	7/1/14-6/30/15	391,697	\$ (31,047)	-	31,047	-	-	-	-	-	-
Total U.S. Department of Health and Human Services/General Fund						(31,047)	-	205,590	308,215	-	(133,672)	-	-	(133,672)
<b>U.S. Department of Education Passed-through State Dept. of Education</b>														
NCLB Title I A	84.010A	S010A150030	NCLB 1610-16	7/1/15-6/30/16	790,055	-	\$ 94,758	500,574	686,457	\$ (94,758)	(384,239)	\$ 198,356		(185,883)
NCLB Title I A	84.010A		NCLB 1610-15	7/1/14-6/30/15	817,762	(305,514)	(94,758)	305,514		94,758	-			-
NCLB Title IIA	84.367A	S367A150029	NCLB 1610-16	7/1/15-6/30/16	216,876		183,507	156,611	296,202	(183,507)	(243,772)	104,181		(159,591)
NCLB Title IIA	84.367A		NCLB 1610-15	7/1/14-6/30/15	221,325	(83,378)	(183,507)	83,378		183,507	-	-		-
NCLB Title III	84.365A	S365A150030	NCLB 1610-16	7/1/15-6/30/16	134,879		38,646	109,859	128,974	(38,646)	(63,666)	44,551		(19,115)
NCLB Title III	84.365A		NCLB 1610-15	7/1/14-6/30/15	122,802	(55,641)	(38,646)	55,641		38,646	-	-		-
I.D.E.A. Part B, Preschool	84.173	H173A150114	PS-0555-16	7/1/15-6/30/16	62,800	-	7,146	45,823	62,237	(7,146)	(24,123)	7,709		(16,414)
I.D.E.A. Part B, Preschool	84.173		PS-0555-15	7/1/14-6/30/15	60,759	(26,100)	(7,146)	26,100		7,146	-	-		-
I.D.E.A. Part B, Preschool	84.173		PS-0555-13	9/1/12-8/31/13	66,600	3,123						\$ 3,123		-
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT-0555-16	7/1/15-6/30/16	2,037,764	-	469,861	1,460,328	2,284,458	(469,861)	(1,047,297)	223,167		(824,130)
I.D.E.A. Part B, Basic Regular	84.027		FT-0555-15	7/1/14-6/30/15	1,989,785	(984,574)	(469,861)	984,574	-	469,861	-	-		-
Total Special Education Cluster IDEA						(1,007,551)	-	2,516,825	2,346,695	-	(1,071,420)	230,876	3,123	(840,544)
Total U.S. Department of Education/Special Revenue Fund						(1,452,084)	-	3,728,402	3,458,328	-	(1,763,097)	577,964	3,123	(1,185,133)
<b>U.S. Department of Agriculture Passed-through State Dept. of Ed. Enterprise Fund:</b>														
National School Lunch Program	10.555		N/A											
Cash Assistance		16161NJ304N1099		7/1/15-6/30/16	1,533,982			1,423,100	1,533,983		(110,883)			(110,883)
Cash Assistance				7/1/14-6/30/15	1,456,633	(142,210)		142,210			-			-
Non-Cash Assistance				7/1/15-6/30/16	320,587			320,587	306,832			13,755		
Non-Cash Assistance				7/1/14-6/30/15	237,628	17,364						-		
School Breakfast Program	10.553	16161NJ304N1099		7/1/15-6/30/16	715,356			658,798	715,356		(56,558)			(56,558)
School Breakfast Program			N/A	7/1/14-6/30/15	589,217	(71,744)		71,744			-			-
Total National School Lunch Program Cluster						(196,590)	-	2,616,439	2,573,535	-	(167,441)	13,755	-	(167,441)
Total Federal Financial Awards						\$ (1,679,721)	\$ -	\$ 6,550,431	\$ 6,340,078	\$ -	\$ (2,064,210)	\$ 591,719	\$ 3,123	\$ (1,486,246)

Note: FAIN Numbers are only applicable for current year grant awards.

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

State/Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 1, 2015	Cash Received	Transfer from General Fund	Budgetary Encumbrances	Adjustment	Refund of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due To Grantor	MEMO													
													GAAP Accounts Receivable	Cumulative Total Expenditures												
<b>State Department of Education</b>																										
General Fund																										
Special Education Aid	16-195-034-4120-089	7/1/15-6/30/16	\$ 4,979,869	\$ -	\$ 4,566,257	\$ -	\$ 4,979,869			\$ (413,612)			\$ -	\$ 4,979,869												
Special Education Aid	15-495-034-4120-689	7/1/14-6/30/15	4,979,869	(441,924)	441,924					(79,770)				5,655,674												
Equalization Aid	16-195-034-4120-078	7/1/15-6/30/16	5,655,674	5,105,004		5,655,674				(48,670)				1,500,604												
Equalization Aid	15-495-034-4120-078	7/1/14-6/30/15	5,655,674	(801,719)	801,719					(156,053)				80,870												
Security Aid	16-495-034-4120-084	7/1/15-6/30/16	1,560,604	1,404,551		1,560,604				(8,087)				80,870												
Security Aid	15-495-034-4120-084	7/1/14-6/30/15	1,560,604	(138,492)	138,492					(8,087)				80,870												
PARCC Readiness Aid	16-495-034-4120-098	7/1/15-6/30/16	80,870	72,783		80,870				(8,087)				80,870												
PARCC Readiness Aid	15-495-034-4120-098	7/1/14-6/30/15	80,870	(7,177)	72,783					(8,087)				80,870												
Per Pupil Growth Aid	16-495-034-4120-097	7/1/15-6/30/16	80,870	(7,177)	72,783					(8,087)				80,870												
Per Pupil Growth Aid	15-495-034-4120-097	7/1/14-6/30/15	80,870	(7,177)	72,783					(8,087)				80,870												
<b>Total State Aid Public Cluster</b>																										
Total State Aid Public Cluster														12,555,857	(1,134,509)						12,555,857					
Transportation Aid	7/1/15-6/30/16	7/1/15-6/30/16	797,701	717,931		797,701				(79,770)				797,701												
Transportation Aid	7/1/14-6/30/15	7/1/14-6/30/15	797,701	(70,799)	70,799					(194,397)			\$ (194,397)	194,397												
Additional Nonpublic Transportation Aid	16-495-034-4120-014	7/1/15-6/30/16	194,397	(197,987)	197,987									-												
Additional Nonpublic Transportation Aid	16-495-034-4120-014	7/1/14-6/30/15	197,987	(197,987)										-												
<b>Total Transportation Aid Cluster</b>														992,095	(274,167)			(194,397)			697,698					
Extraordinary Aid	16-100-034-4120-473	7/1/15-6/30/16	1,488,555	-	1,488,555					(1,488,555)				1,488,555												
Extraordinary Aid	15-100-034-4120-473	7/1/14-6/30/15	1,540,037	(1,540,037)	1,540,037									-												
<b>On-behalf TPAF Pension System Contributions</b>																										
Normal Cost & Accrued Liab.	16-495-034-5094-002	7/1/15-6/30/16	3,930,279	3,930,279		3,930,279								3,930,279												
Non-Contributory Int.	16-495-034-5094-004	7/1/15-6/30/16	195,781	195,781		195,781								195,781												
Post-Retirement Medical Contributions	16-495-034-5094-001	7/1/15-6/30/16	4,912,997	4,912,997		4,912,997								4,912,997												
<b>Total On-behalf TPAF Contribution Cluster</b>														9,039,057	9,039,057						9,039,057					
Reimbursed TPAF Social Security	16-100-034-5094-003	7/1/15-6/30/16	3,884,178	3,691,777		3,884,178				(192,401)			(192,401)	3,884,178												
Reimbursed TPAF Social Security	15-100-034-5094-003	7/1/14-6/30/15	3,702,274	(183,809)	183,809									-												
<b>Total General Fund</b>														(3,085,109)	27,799,232			(3,085,632)			21,719,715					
Special Revenue Fund	16-495-034-4120-086	7/1/15-6/30/16	837,123	771,411		837,123				(65,712)				2,095,508												
Preschool Education Aid	15-495-034-4120-098	7/1/14-6/30/15	823,378	(62,338)	823,378									-												
New Jersey Nonpublic Aid	16-100-034-4120-064	7/1/15-6/30/16	80,263	(6,483)				\$ 6,483						82,248												
Textbook Aid (Ch. 194)	15-100-034-4120-064	7/1/14-6/30/15	70,200	18,241				(18,241)						36,801												
Textbook Aid (Ch. 194)	16-100-034-4120-064	7/1/15-6/30/16	81,223	84,223		82,348			9,817			1,875		35,211												
Textbook Aid (Ch. 194)	15-100-034-4120-064	7/1/14-6/30/15	89,192	9,817		36,301						2,049		43,740												
Technology	16-100-034-4120-372	7/1/15-6/30/16	47,964	2,444		25,211			2,444			2,839		43,740												
Technology	15-100-034-4120-372	7/1/14-6/30/15	38,050	38,050		45,740								-												
Auxiliary Services (Chap. 192)	16-100-034-4120-067	7/1/15-6/30/16	45,740	3,216		862			3,216					43,740												
Compensatory Education	15-100-034-4120-067	7/1/14-6/30/15	44,790	862		862								-												
ESL	16-100-034-4120-067	7/1/15-6/30/16	914	914		914			914					-												
ESL	15-100-034-4120-067	7/1/14-6/30/15	914	-		-			-					-												
<b>Total Nonpublic Handicapped Services Aid (Chap. 193) Cluster</b>														4,130	44,602			4,130			862	43,740				
Handicapped Services (Ch. 193)	16-100-034-4120-066	7/1/15-6/30/16	39,356	39,356		17,822						21,534		17,822												
Supplemental Instruction	15-100-034-4120-066	7/1/14-6/30/15	33,742	6,622		43,972			6,622			18,941		43,972												
Examination & Classification	16-100-034-4120-066	7/1/15-6/30/16	6,614	7,796		20,066			7,796			22,574		20,066												
Examination & Classification	15-100-034-4120-066	7/1/14-6/30/15	6,614	4,540		10,602			10,602			64,049		81,480												
Corrective Speech	16-100-034-4120-066	7/1/15-6/30/16	34,457	36,630		81,860			26,630			10,969		126,911												
Corrective Speech	15-100-034-4120-066	7/1/14-6/30/15	34,457	(136,980)		126,911			9,966	(104)			(104)	104												
<b>Total Nonpublic Handicapped Services Aid (Chap. 193) Cluster</b>														136,980	136,980			9,966			9,966	126,911				
Nursing Services	16-100-034-4120-070	7/1/15-6/30/16	166,165	9,966		104								104												
Nursing Services	15-100-034-4120-070	7/1/14-6/30/15	104	-		104								-												
Home Instruction	16-100-034-4120-063	7/1/15-6/30/16	2,383	2,383		2,950								2,950												
Home Instruction	15-100-034-4120-063	7/1/14-6/30/15	2,950	2,950		2,950								-												
PPSS	16-100-034-4120-067	7/1/15-6/30/16	2,950	2,950		2,950								2,950												
PPSS	15-100-034-4120-067	7/1/14-6/30/15	2,950	2,950		2,950								-												
<b>Total Special Revenue Fund</b>														(17,026)	1,344,246			1,385,093			52,987	(85,815)	150,408	82,843	(104)	2,904,133



FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Grant or State Funded Number	Grant Period	Award Amount	Balance, July 1, 2015	Cash Received	Transfer from General Fund	Refund of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due To Grantor	MEMO	
										GAAP Accounts Receivable	Cumulative Total Expenditures
1610114133001-0204		\$ 271,092	\$ (125,648)	\$ 155,444							
1610100134002-0204		211,172	(191,815)	194,938							
1610150134003-0204		194,917	(153,635)	155,533							
1610160135004-0204		1,876,977	(64,048)	364,226							
1610405141006-0204		470,290	(4,962)								
16104076141007-0204		250,000	(2,874)								
16104076141008-0204		25,001	(287)								
1610160141002-0204		305,000	(389)								
16102086141010-0204		321,119	(356)								
1610100141011-0204		330,761	(3,605)								
1610100141012-0204		447,479	(4,479)								
1610140141013-0204		288,483	(2,270)								
1610140141014-0204		272,500	(1,631)								
1610150141022-0204		451,804	(827)								
1610140141029-0204		203,532	(300)								
1610100141013-0204		320,330									
Total School Development Authority Cluster/ Capital Projects Fund											1,866,585
State Department of Agriculture											
Enterprise Fund											
National School Lunch Program											
National School Lunch Program											
Total Department of Agriculture Enterprise Fund											
Total State Financial Assistance Subject to Single Audit Determination											
State Financial Assistance Not Subject to Single Audit Major Program Determination											
General Fund											
On-Behalf TPAF Pension System Contribution											
On-Behalf TPAF Post-Retirement Med. Contrib.											
Total State Financial Assistance Subject to Single Audit Major Programs Determination											
Total											32,270,403

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$4,482 for the general fund and an increase of \$82,338 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 308,215	\$ 27,764,257	\$ 28,072,472
Special Revenue Fund	3,458,328	1,197,578	4,655,906
Capital Projects Fund		1,966,585	1,966,585
Food Service Fund	<u>2,573,535</u>	<u>39,710</u>	<u>2,613,245</u>
Total Awards Financial Assistance	<u>\$ 6,340,078</u>	<u>\$ 30,968,130</u>	<u>\$ 37,308,208</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$3,884,178 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$4,126,060 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,912,997 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

**Federal Awards Section**

Internal Control over compliance:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a))?  X  yes      \_\_\_\_\_ none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A150100</u>	<u>IDEA, Part B Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>IDEA Preschool</u>
<u>84.010A</u>	<u>S010A150030</u>	<u>Title I</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>16161NJ304N1099</u>	<u>School Breakfast Program</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes       X  no

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid Categorical Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>100-034-5120-473</u>	<u>Extraordinary Spec.-Education Aid</u>
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs    \$   750,000  

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part 2 – Schedule of Financial Statement Findings*

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

There are none.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**CURRENT YEAR FEDERAL AWARDS**

**Finding 2016-001**

Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities, at June 30, 2016 exceeded three months average expenditures.

**Federal Program Information**

National School Lunch program	10.555
School Breakfast program	10.553

**Criteria or Specific Requirement**

Federal Assistance Regulations 7CFR 210.9 (Requirements for School Food Authority Participation) stipulates that participating schools limit their net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service.

Federal Grant Compliance Supplement

**Condition**

According to the USDA resource management comprehensive review form used to calculate net cash resources, the District's net cash resources were \$1,569,138 at June 30, 2016; however, three months average operating expenditures were \$1,159,511.

**Questioned Costs**

None.

**Context**

See finding condition and questioned costs.

**Effect**

Net cash resources exceeded three months average expenditures by \$409,627.

**Cause**

Unknown.

**Recommendation**

Appropriate action be taken to ensure net cash resources do not exceed three months average expenditures.

**View of Responsible Officials and Planned Corrective Action**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**CURRENT YEAR FEDERAL AWARDS**

**Finding 2016-002**

Fiscal year 2015 NCLB carryovers were not approved by Board resolution.

**Federal Program Information**

Title I	84.010A
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**Criteria or Specific Requirement**

Federal Grant Compliance Supplement

**Condition**

The District had a carryover of \$94,758 available for Title I from the 2014/15 allocation. The District modified its internal accounting records for this amount, however the carryover request was not formally approved by Board resolution.

**Questioned Costs**

None.

**Context**

See finding condition and questioned costs.

**Effect**

Carryover requests were not formally approved by Board resolution.

**Cause**

Unknown.

**Recommendation**

All NCLB carryovers be submitted to the Board of Education for their approval by formal resolution.

**View of Responsible Officials and Planned Corrective Action**

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2016-003**

Our audit of the District's Extraordinary Aid Application noted certain instances where extended school year was reported as a service provided on the application; however, the respective student's Individualized Education Plan (IEP) stated that service was not required. In addition, an instance was noted where 1 to 1 aide service reported on application was not specified in the student's IEP.

**State Program Information**

Extraordinary Aid 100-034-5120-473

**Criteria or Specific Requirement**

NJ Department of Education – Grant Compliance Supplement

**Condition**

Services provided on detailed supporting schedules and documented in individual student's Individualized Education Plan (IEP) did not always agree to services reported on the Extraordinary Aid Application.

**Questioned Costs**

Unknown.

**Context**

See condition.

**Effect**

Certain services reported on the application could not be verified to student's IEP.

**Cause**

Unknown.

**Recommendation**

Greater care be exercised over the preparation of the Extraordinary Aid Application to ensure all services reported on application are properly reflected in student's Individualized Education Plan (IEP).

**Views of Responsible Officials and Planned Corrective Action**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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 and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2015-001**

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

**Current Status**

Corrective action has been taken.

**Finding 2015-002**

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

**Current Status**

Corrective action has been taken except as noted in Finding 2016-003.

**Finding 2014-3**

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

**Current Status**

Corrective action has been taken.