

**The School District**  
**of**  
**FRANKFORD TOWNSHIP**

**Frankford Township Board of Education**  
**Branchville, New Jersey**

**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2017**

# **Comprehensive Annual Financial Report**

**of the**

**Frankford Township Board of Education**

**Branchville, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

**The Frankford Township Board of Education  
Finance Department**

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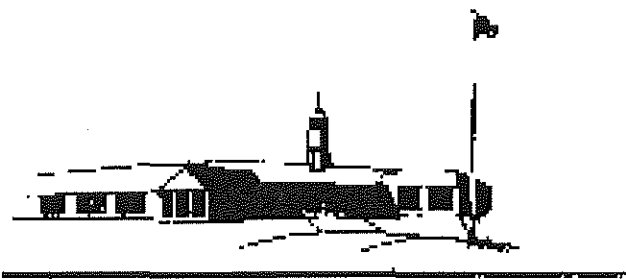
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# Introductory Section





# Frankford Township Board of Education

4 PINES ROAD BRANCHVILLE, NJ 07826

Telephone (973) 948-3727



Fax (973) 948-2907

November 14, 2017

Honorable President and  
Members of the Board of Education  
Frankford Township  
County of Sussex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Frankford Township School District for the fiscal year ended June 30, 2017, is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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.

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 basic financial statements and required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. 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 State Treasury Circular OMB 15-08. Information related to this State 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.

**1. REPORTING ENTITY AND ITS SERVICES:** Frankford Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB 34. All funds of the District are included in this report. The Frankford Township Board of Education constitutes the District's reporting entity.

The district provides a full range of educational services appropriate to grade levels from Kindergarten through Eighth Grade. These include regular as well as special education for handicapped children. The District completed the 2016-2017 fiscal year with an ending enrollment of 522. The following details the changes in the average daily student enrollment of the District over the last ten years.



<u>Fiscal Year</u>	<u>Average Daily Student Enrollment</u>	<u>Percent Change</u>
2016 – 2017	530	0.95%
2015 - 2016	525	-2.78%
2014 – 2015	540	2.35%
2013 – 2015	553	0.91%
2012 - 2013	548	-5.67%
2011 - 2012	581	-2.19%
2010 - 2011	594	-6.01%
2009 - 2010	632	0.16%
2008 - 2009	631	-5.10%
2007 - 2008	665	-5.27%

*Data from annual end of year reports to NJ Department of Education*

**2. ECONOMIC CONDITION AND OUTLOOK:** The Frankford Township area is primarily a suburban bedroom community, which continues to experience a period of economic stabilization. Although there is some new construction, the 5-acre minimum that has been established has reduced the number of possible building projects. There has been no significant growth in the development of commercial property over the past few years. Of the ten largest Principal Taxpayers (see the Schedule of Principal Taxpayers in the Statistical Section of this report), four Principal Taxpayers continue to be families or family-owned recreational businesses, while Farm and Horse Show is non-profit. Operating expenses continue to rise due to continued increases in educational expenses and additions to curriculum. Local taxpayers continue to bear the lion's share of the District's financial resources as the state legislature sends most of the state aid to urban districts.

Since the 2007-2008 School year, the average daily student population has decreased incrementally (average 14 pupils/year). However, over the same period, increases in tax levy have occurred as state aid has either remained relatively flat or decreased in conjunction with rising expenses and a need for additional programs and an increased classified student population. In the past, surplus has been used to reduce the effects of stagnant state aid. However, the state has severely restricted the use of surplus in recent years and even reduced state aid. Frankford Twp. Board of Education has therefore reduced undesignated surplus to the mandated limits. Realizing that a lack of surplus availability and declining state aid has an opposite effect on the tax levy, the Board of Education and administration have worked extensively to limit the tax impact as much as possible in 2016-2017.

**3. MAJOR INITIATIVES:** We feel we are providing an exemplary educational program for the students of Frankford Township and Branchville. Curriculum revisions, faculty workshops and training, classroom instructional enhancements and other initiatives are regularly put forth by the faculty, administration, board and community in order to continue in that vein. A sampling follows:

- A. Curriculum revisions focused on the implementation of the NJSLs for ELA and Math, as well as revisions for content areas remains the primary focus through the continued efforts of several working committees, including regional curriculum development and by teams of teachers, at all of our K to 8 grade levels, meeting at a scheduled time during the school day for the curriculum

revision process and to ensure effective implementation of standards and expectations. We continue to evaluate our curriculum to best suit the needs of our students. Research based programs have and will continue to be investigated and implemented. In the efforts to prepare students we continue to seek opportunities for collaborative global connections.

- B. Faculty from our middle school continue to engage in articulation sessions with their ninth grade counterparts in the core content areas in an effort to ensure that our curricula transitions are seamless between the middle school and the high school. Algebra was a focus and common assessments were created to make sure students across all four schools were receiving the same set of standards.
- C. Faculty and staff continue to participate in in-service and workshop programs in cooperation with our regional districts. Frankford continues to enlist the services of Conquer Math which have been instrumental in assisting us in the math transitions in curriculum, standard expectations and summative standardized assessments. Assessment Literacy was the focus this year as teachers looked at their assessments and made certain it measured the standard.
- D. A summer reading/writing program continued for the 2016-2017 school year. Students are required to read two types of materials: one fictional and one informational and complete a writing assignment for the start of the September school year. A math summer series of problems were also included so parents had opportunities to work with their children over the summer.
- E. Elementary Basic Skills Instruction continues to be a major initiative with a more inclusive, classroom oriented program. FTSD now supports four teachers who work with regular classroom teachers in grades 1 through 4. The schedule was completely revamped to integrate an RTI approach. Students are assessed weekly and instructional time was integrated into the schedule to target those skills needed the most. Plans to tier students this year will provide more accurate and targeted instruction. Title I funding has returned for the 2016-2017 school year. In addition, identified students were placed into an afterschool tutoring program for Language Arts and Math. The program ran every Tuesday and Thursday until the month of May.
- F. FTSD is continuing to address issues of bullying and violence. We actively participate in the County sponsored "Taking Flight to Change" anti-bullying program, locally developed programs through student council and other school organizations as well as the infusion of the Holocaust Curriculum through all content areas and grade levels, the guidance counselors and media support personnel are instrumental in the implementation of these lessons and activities.
- G. FTSD supports two full time Guidance Positions. One serves the elementary grades K through 4 and one serves the middle school grades 5 through 8.
- H. Middle school band and chorus students in grades six through eight participated in a juried competition for the sixth consecutive year in May 2017 in which both groups were rated Superior.
- I. Technology was maintained and enhanced through the upgrading of our network server and equipment and computer inventory. All classrooms now have the boards. Students have begun bringing in their own devices for use with the newly installed WiFi and implemented BYOD program. In addition, we have begun using online textbooks in the Social Studies, Science and Mathematics. Laptops have been installed in all writing classrooms with the addition of an online Writing program called PEG. All middle school core curriculum classrooms now have a full set of laptops. The staff and students in the middle school have been introduced to Google Docs and began using the program throughout the year.

- J. School Security continues to be a priority. Monthly drills are planned and implemented. Staff fitness has been included into the Krav Maga program that has begun its second year. Staff members go through an intense workout and self-defense training every Wednesday throughout the year. Beginning last year, Weight Watchers, Zumba and Yoga have been added to the lineup.
- K. A referendum was passed in September. Projects such as new entrances, a new roof over A wing and leak fixes were planned throughout the year and the work was complete near the end of the summer.

**4. 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 accounting principles generally accepted in the United States of America (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.

**5. 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. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial 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 re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30.

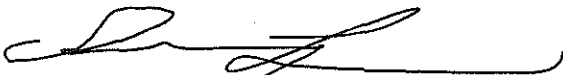
**6. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions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

**7. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

**8. OTHER INFORMATION:** **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Lerch, Vinci and Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the state Treasury Circular Letter OMB 15-08. The auditor's report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

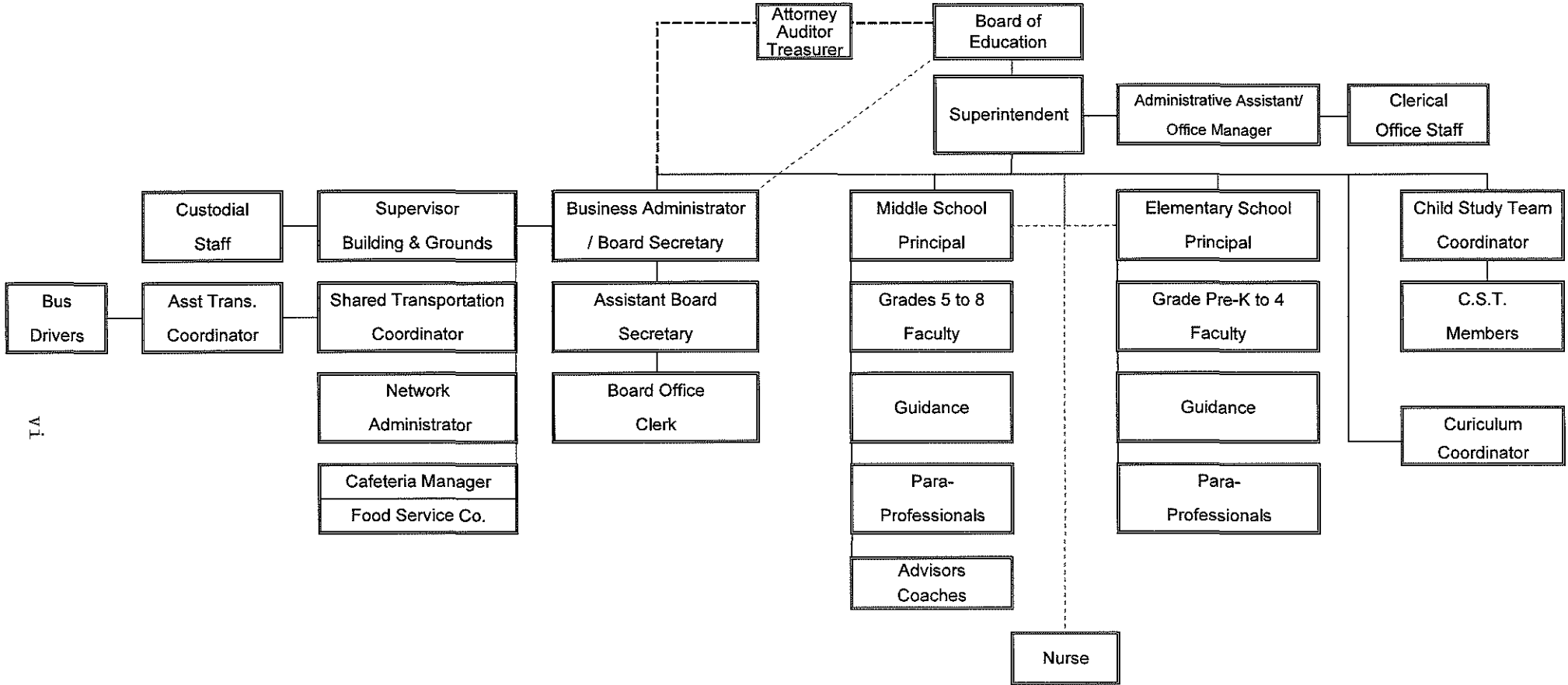
**9. ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Frankford Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office.

Respectfully submitted,



Christopher Lessard  
Board Secretary/Business Administrator

**FRANKFORD TOWNSHIP SCHOOL DISTRICT  
ORGANIZATIONAL CHART**



T.A.

***Frankford Township Board of Education***  
**Branchville, New Jersey**

ROSTER OF OFFICIALS  
JUNE 30, 2017

**Members of the Board of Education**

**Expires**

	January
Ralph Smith, President	2020
Steven Worthington, Vice-President	2020
Serena Ayers	2019
Raymond Castellani, III	2018
Colleen Chiariello	2018
Michaela Meinecke-Perez	2018
Stacey Keller	2019
Brian Finnegan	2020
Michael Richards	2019

**Other Officials**

Braden Hirsch	Superintendent
Christopher Lessard	School Business Administrator/Board Secretary
Sharon Yarosz	Treasurer

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
Consultants and Advisors

**Audit Firm**

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

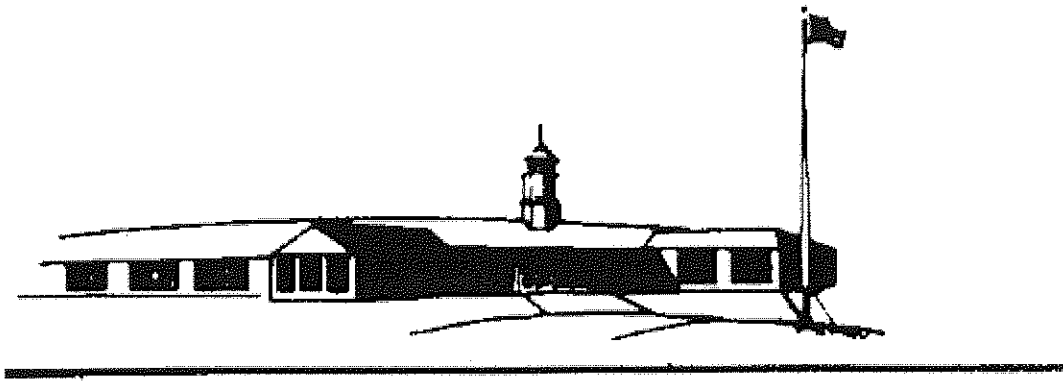
**Attorney**

Schwartz Simon Edelstein & Celso, LLC  
100 S. Jefferson Road  
Suite 200  
Whippany, NJ 07981

**Official Depositories**

Lakeland Bank  
250 Oak Ridge Road  
Oak Ridge, NJ 07438

# 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, PSA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Frankford Township Board of Education  
Branchville, 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 Frankford Township Board of Education, as of and for the fiscal year ended June 30, 2017 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 from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Frankford Township Board of Education as of June 30, 2017, 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 Frankford Township Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards 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 Frankford Township Board of Education.

The combining and individual nonmajor 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 and individual nonmajor 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.

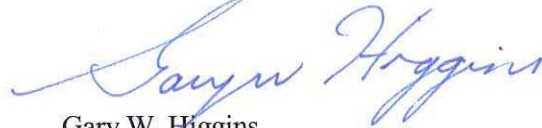
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2017 on our consideration of the Frankford Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Frankford Township Board of Education's 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 Frankford Township Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 14, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The management's discussion and analysis of Frankford Township Board of Education's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the school district's financial performance as a whole; readers should also review the notes to the financial statements and financial statements to enhance their understanding of the school district's financial performance.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- ◆ General revenues accounted for \$9,906,519 in revenue or 67% of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions, accounted for \$4,984,661 or 33% of total revenues of \$14,891,180.
- ◆ The school district had \$14,478,729 in expenses; only \$4,984,661 of these expenses were offset by program specific charges for services and grants or contributions. General revenues (primarily property taxes) and the utilization of available fund balance were adequate to provide for these programs.
- ◆ The General Fund (GAAP Basis) had \$12,196,215 in revenues and other financing sources and \$11,610,201 in expenditures. The General Fund's fund balance increased \$586,014 over fiscal year 2016.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ending June 30, 2017?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ◆ Governmental Activities – All of the school district's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Summer Enrichment and Preschool Program enterprise funds are reported as a business activity.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the school district's major funds. The school district uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the school district's most significant funds. The school district considers all of its governmental funds and business-type activities to be major funds.

**Governmental Funds**

The school district's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the school district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Reporting the School District's Most Significant Funds (Continued)**

**Enterprise Fund**

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**The School District as a Whole**

The Statement of Net Position provides the perspective of the school district as a whole.

Table 1 provides a summary of the school district's net position as of June 30, 2017 and 2016.

	<b>Table 1 Net Position</b>					
	<b>Governmental Types</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>						
Current and other assets	\$ 3,442,320	\$ 1,700,378	\$ 37,143	\$ 30,249	\$ 3,479,463	\$ 1,730,627
Capital assets, net	4,050,213	3,097,886	-	-	4,050,213	3,097,886
<b>Total Assets</b>	<b>7,492,533</b>	<b>4,798,264</b>	<b>37,143</b>	<b>30,249</b>	<b>7,529,676</b>	<b>4,828,513</b>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	1,186,632	479,833	-	-	1,186,632	479,833
<b>Total Deferred Outflows of Resources</b>	<b>1,186,632</b>	<b>479,833</b>	<b>-</b>	<b>-</b>	<b>1,186,632</b>	<b>479,833</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>8,679,165</b>	<b>5,278,097</b>	<b>37,143</b>	<b>30,249</b>	<b>8,716,308</b>	<b>5,308,346</b>
<b>Liabilities</b>						
Non-Current liabilities	2,107,886	98,253	-	13	2,107,886	98,266
Other liabilities	5,315,279	4,260,221	-	-	5,315,279	4,260,221
<b>Total Liabilities</b>	<b>7,423,165</b>	<b>4,358,474</b>	<b>-</b>	<b>13</b>	<b>7,423,165</b>	<b>4,358,487</b>
<b>Deferred Inflows of Resources</b>						
Deferred Commodities Revenue			3,857	2,398	3,857	2,398
Deferred Amounts on Net Pension Liability	80,854	151,480	-	-	80,854	151,480
<b>Total Deferred Inflows of Resources</b>	<b>80,854</b>	<b>151,480</b>	<b>3,857</b>	<b>2,398</b>	<b>84,711</b>	<b>153,878</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>7,504,019</b>	<b>4,509,954</b>	<b>3,857</b>	<b>2,411</b>	<b>7,507,876</b>	<b>4,512,365</b>
<b>Net Position</b>						
Net Investment in Capital Assets	3,167,318	2,244,763			3,167,318	2,244,763
Restricted	657,179	954,980			657,179	954,980
Unrestricted	(2,649,351)	(2,431,600)	33,286	27,838	(2,616,065)	(2,403,762)
<b>Total Net Position</b>	<b>\$ 1,175,146</b>	<b>\$ 768,143</b>	<b>\$ 33,286</b>	<b>\$ 27,838</b>	<b>\$ 1,208,432</b>	<b>\$ 795,981</b>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**The School District as a Whole (Continued)**

Table 2 shows the changes in net position for fiscal years ended June 30, 2017 and 2016.

**Table 2  
Changes in Net Position**

	Governmental		Business-Type		Total	
	<u>Types</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues and Transfers</b>						
Program revenues						
Charges for services			\$ 162,537	\$ 159,440	\$ 162,537	\$ 159,440
Operating grants and contributions	\$ 4,762,663	\$ 3,740,174	53,191	50,414	4,815,854	3,790,588
Capital grants and contributions	6,270	160,261			6,270	160,261
General revenues						
Property Taxes	8,510,666	8,555,126			8,510,666	8,555,126
Grants and entitlements	1,352,235	1,356,499			1,352,235	1,356,499
Other revenues	43,492	46,160	126	79	43,618	46,239
Total revenues	<u>14,675,326</u>	<u>13,858,220</u>	<u>215,854</u>	<u>209,933</u>	<u>14,891,180</u>	<u>14,068,153</u>
<b>Program Expenses</b>						
Instruction	9,761,503	9,027,560			9,761,503	9,027,560
Support services						
Student and Instruction Related	1,337,019	1,212,985			1,337,019	1,212,985
General administration, school						
administration, business/Central	1,469,422	1,370,348			1,469,422	1,370,348
Operations and maintenance of facilities	1,149,311	1,275,287			1,149,311	1,275,287
Pupil Transportation	525,744	545,735			525,744	545,735
Interest on debt	25,324	26,292			25,324	26,292
Food service			162,274	158,703	162,274	158,703
Summer Enrichment Program			23,307	12,690	23,307	12,690
Preschool Program	-	-	24,825	30,407	24,825	30,407
Total expenses	<u>14,268,323</u>	<u>13,458,207</u>	<u>210,406</u>	<u>201,800</u>	<u>14,478,729</u>	<u>13,660,007</u>
Change in Net Position	407,003	400,013	5,448	8,133	412,451	408,146
Net Position, Beginning of Year	<u>768,143</u>	<u>368,130</u>	<u>27,838</u>	<u>19,705</u>	<u>795,981</u>	<u>387,835</u>
Net Position, End of Year	<u>\$ 1,175,146</u>	<u>\$ 768,143</u>	<u>\$ 33,286</u>	<u>\$ 27,838</u>	<u>\$ 1,208,432</u>	<u>\$ 795,981</u>



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**The School District as a Whole (Continued)**

**Governmental Activities**

Property taxes made up 58% and 62% of revenues for governmental activities for the Frankford Township Board of Education for fiscal years ended June 30, 2017 and 2016, respectively. The district's total revenues were \$14,675,326 and \$13,858,220 for the fiscal years ended June 30, 2017 and 2016, respectively. Federal, state and local grants accounted for another 42% and 38% of revenues for the years ended June 30, 2017 and 2016, respectively.

The total cost of all program and services was \$14,628,323 and \$13,458,207 for the years ended June 30, 2017 and 2016, respectively. Instruction comprised 68% and 67% of district expenses for the years ended June 30, 2017 and 2016, respectively.

**Business-Type Activities**

Revenues for the district's business-type activities (food service, summer enrichment and preschool programs) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service revenues exceeded expenses by \$5,931, summer enrichment revenues exceeded expenses by \$7,937 and preschool program expenses exceeded revenues by \$8,420.
- ◆ Charges for services for all business-type activities represents \$162,537 of revenue, which is an amount paid by patrons for services.
- ◆ Federal and state reimbursements for the Food Service Fund for meals, including payments for free and reduced lunches and donated commodities was \$53,191.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2017 and 2016. The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions.

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b><u>2016</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Instruction	\$ 9,761,503	\$ 9,027,560	\$ 5,838,632	\$ 6,000,324
Support services				
Student and Instruction Related	1,337,019	1,212,985	1,155,517	1,057,590
General administration, school administration, business/central	1,469,422	1,370,348	1,110,523	1,114,716
Operation and maintenance of facilities	1,149,311	1,275,287	1,100,667	1,072,831
Pupil Transportation	525,744	545,735	268,727	286,019
Interest on Debt	<u>25,324</u>	<u>26,292</u>	<u>25,324</u>	<u>26,292</u>
 Total Expenses	 <u>\$ 14,268,323</u>	 <u>\$ 13,458,207</u>	 <u>\$ 9,499,390</u>	 <u>\$ 9,557,772</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**The School District as a Whole (Continued)**

**Governmental Activities (Continued)**

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

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

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

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

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the school district.

**The School District's Funds**

These funds are accounted for and other financing sources using the modified accrual basis of accounting. All governmental funds (i.e., general, special revenue, capital projects and debt service funds presented in the fund-based statements) had total revenues and transfers of \$12,512,358 and \$12,276,710 and expenditures of \$12,779,319 and \$12,170,774 for the fiscal years ended June 30, 2017 and 2016, respectively. The net change in all fund balances for the year ended June 30, 2017 was a decrease of \$266,961 and an increase of \$105,936 for the year ended June 30, 2016.

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2017 and 2016.

<u>Revenue</u>	<u>2017</u>	<u>Amount</u> <u>2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 8,574,798	\$ 8,643,398	\$ (68,600)	-0.79%
State Sources	3,491,172	3,396,963	94,209	2.77%
Federal Sources	253,004	236,349	16,655	7.05%
<b>Total</b>	<b>\$ 12,318,974</b>	<b>\$ 12,276,710</b>	<b>\$ 42,264</b>	<b>0.34%</b>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**The School District's Funds (Continued)**

The following schedule presents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2017 and 2016.

<u>Expenditures</u>	<u>2017</u>	<u>Amount</u> <u>2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Current:				
Instruction	\$ 7,586,195	\$ 7,569,320	\$ 16,875	0.22%
Support Services	3,781,914	3,871,126	(89,212)	-2.30%
Capital outlay	1,223,004	530,258	692,746	130.64%
Debt service:				
Principal	163,612	172,022	(8,410)	-4.89%
Interest and other charges	24,594	28,048	(3,454)	-12.31%
 Total	 <u>\$ 12,779,319</u>	 <u>\$ 12,170,774</u>	 <u>\$ 608,545</u>	 5.00%

**General Fund Budgeting Highlights**

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

During the course of the fiscal year ended June 30, 2017, the school district amended its General Fund budget as needed. The school district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Several of these revisions bear notation:

- ◆ Staffing changes based on student needs.
- ◆ Increases in facilities maintenance and repair costs.
- ◆ Increases in energy and heating costs.
- ◆ Changes in appropriations to prevent budget overruns.

While the district's final budget for the general fund anticipated that revenues and other financing sources and expenditures would roughly equal, the actual results for the year reflect a decrease of \$266,961 (GAAP Basis) in Governmental Funds fund balances from fiscal year 2016 to 2017.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Capital Assets**

As of June 30, 2017 and 2016, the capital assets of the school district had \$4,050,213 and \$3,097,886 invested in land, buildings, furniture and equipment, and vehicles, net of accumulated depreciation, respectively. Set forth below is a comparison of capital assets as of June 30, 2017 and 2016:

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 243,393	\$ 243,393			\$ 243,393	\$ 243,393
Construction In Progress	812,502	24,576			812,502	24,576
Buildings and Improvements	6,275,935	6,126,522			6,275,935	6,126,522
Site Improvements	509,136	509,136			509,136	509,136
Machinery and Equipment	<u>1,533,173</u>	<u>1,329,161</u>	<u>\$ 84,311</u>	<u>\$ 84,311</u>	<u>1,617,484</u>	<u>1,413,472</u>
	9,374,139	8,232,788	84,311	84,311	9,458,450	8,317,099
Less Depreciation	<u>(5,323,926)</u>	<u>(5,134,902)</u>	<u>(84,311)</u>	<u>(84,311)</u>	<u>(5,408,237)</u>	<u>(5,219,213)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 4,050,213</u>	<u>\$ 3,097,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,050,213</u>	<u>\$ 3,097,886</u>

Overall net capital assets increased \$952,327 from fiscal year 2016 to fiscal year 2017 as a result of acquisitions exceeding depreciation.

Additional information on the District's capital assets can be found in the Notes to the Financial Statements.

**Debt Administration**

At June 30, 2017 and 2016, the school district had \$5,315,279 and \$4,260,221 of long-term liabilities, respectively. Of this amount \$453,476 and \$476,303 is for compensated absences, \$717,895 and \$608,123 is for capital leases and \$165,000 and \$245,000 for serial bonds and \$3,978,908 and \$2,930,795 for net pension liability for the years ended June 30, 2017 and 2016, respectively.

At June 30, 2017, the school district's overall legal debt margin was \$24,374,864 and the unutilized debt margin was \$24,209,864. Following is a summary of the bond issue for which the District is currently paying debt service.

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance, June 30,</u>	
			<u>2017</u>	<u>2016</u>
School Bonds	08/01/2011	<u>\$ 550,000</u>	<u>\$ 165,000</u>	<u>\$ 245,000</u>
		<u>\$ 550,000</u>	<u>\$ 165,000</u>	<u>\$ 245,000</u>

Additional information on the District's long term debt can be found in the Notes to the Financial Statements.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FRANKFORD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**For the Future**

It is the opinion of the Superintendent and Business Administrator that the Frankford Township Board of Education is presently in good financial condition. A major concern is the continued change in enrollment with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased.

Frankford Township is primarily a residential community, with very few nonresidential ratables; thus the burden is focused on homeowners to fund the tax burden. In conclusion, the Frankford Township Board of Education has committed itself to financial excellence for many years. In addition, the school district's system for financial planning, budgeting and internal financial controls are well regarded. The school district plans to continue its sound fiscal management to meet the challenges of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it receives. If you have questions about this report or need additional information contact Christopher Lessard, School Business Administrator/Board Secretary at Frankford Township Board of Education, 4 Pines Road Branchville, NJ 07826 or email at [lessardc@frankfordschool.org](mailto:lessardc@frankfordschool.org).

**FINANCIAL STATEMENTS**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,311,758	\$ 27,653	\$ 3,339,411
Receivables, net			
Receivables from Other Governments	95,542	2,545	98,087
Other receivables	34,865		34,865
Internal Balances	155	(155)	-
Inventories		7,100	7,100
Capital Assets, net			
Not Being Depreciated	1,055,895		1,055,895
Being Depreciated	2,994,318	-	2,994,318
Total Assets	<u>7,492,533</u>	<u>37,143</u>	<u>7,529,676</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>1,186,632</u>	-	<u>1,186,632</u>
Total Deferred Outflows of Resources	<u>1,186,632</u>	-	<u>1,186,632</u>
Total Assets and Deferred Outflows of Resources	<u>8,679,165</u>	<u>37,143</u>	<u>8,716,308</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	596,814	-	596,814
Note Payable	1,463,216		1,463,216
Accrued Interest Payable	7,906		7,906
Unearned Revenue	39,950		39,950
Noncurrent Liabilities			
Due within one year	173,110		173,110
Due beyond one year	5,142,169	-	5,142,169
Total Liabilities	<u>7,423,165</u>	-	<u>7,423,165</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		3,857	3,857
Deferred Amounts on Net Pension Liability	<u>80,854</u>	-	<u>80,854</u>
Total Deferred Inflows of Resources	<u>80,854</u>	<u>3,857</u>	<u>84,711</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,504,019</u>	<u>3,857</u>	<u>7,507,876</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,167,318		3,167,318
Restricted for			
Capital Projects	434,624		434,624
Debt Service	1		1
Other Purposes	222,554		222,554
Unrestricted	<u>(2,649,351)</u>	<u>33,286</u>	<u>(2,616,065)</u>
Total Net Position	<u>\$ 1,175,146</u>	<u>\$ 33,286</u>	<u>\$ 1,208,432</u>

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

FRANKFORD TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	\$ 6,885,550		\$ 2,585,583		\$ (4,299,967)		\$ (4,299,967)
Special Education	2,073,288		1,037,147		(1,036,141)		(1,036,141)
Other Instruction	648,682		252,453		(396,229)		(396,229)
School Sponsored Activities and Athletics	153,983		47,688		(106,295)		(106,295)
Support Services							
Student and Instruction Related Services	1,337,019		181,502		(1,155,517)		(1,155,517)
General Administration Services	504,345		158,660		(345,685)		(345,685)
School Administration Services	440,736		106,559		(334,177)		(334,177)
Business/Central Services	524,341		93,680		(430,661)		(430,661)
Operation and Maintenance of Facilities	1,149,311		42,374	\$ 6,270	(1,100,667)		(1,100,667)
Pupil Transportation	525,744		257,017		(268,727)		(268,727)
Interest on Debt	25,324	-	-	-	(25,324)	-	(25,324)
<b>Total Governmental Activities</b>	<b>14,268,323</b>	<b>-</b>	<b>4,762,663</b>	<b>6,270</b>	<b>(9,499,390)</b>	<b>-</b>	<b>(9,499,390)</b>
<b>Business-Type Activities</b>							
Food Service	162,274	\$ 114,888	53,191			\$ 5,805	5,805
Summer Enrichment	23,307	31,244				7,937	7,937
Preschool Program	24,825	16,405	-	-	-	(8,420)	(8,420)
<b>Total Business-Type Activities</b>	<b>210,406</b>	<b>162,537</b>	<b>53,191</b>	<b>-</b>	<b>-</b>	<b>5,322</b>	<b>5,322</b>
<b>Total Primary Government</b>	<b>\$ 14,478,729</b>	<b>\$ 162,537</b>	<b>\$ 4,815,854</b>	<b>\$ 6,270</b>	<b>(9,499,390)</b>	<b>5,322</b>	<b>(9,494,068)</b>
<b>General Revenues</b>							
Property Taxes, Levied for General purposes					8,427,693		8,427,693
Property Taxes Levied for Debt Service					82,973		82,973
Federal and State Aid - Unrestricted					1,352,235		1,352,235
Miscellaneous Revenues					27,892		27,892
Investment Earnings					15,600	126	15,726
<b>Total General Revenues</b>					<b>9,906,393</b>	<b>126</b>	<b>9,906,519</b>
<b>Change in Net Position</b>					<b>407,003</b>	<b>5,448</b>	<b>412,451</b>
<b>Net Position, July 1, 2016</b>					<b>768,143</b>	<b>27,838</b>	<b>795,981</b>
<b>Net Position, June 30, 2017</b>					<b>\$ 1,175,146</b>	<b>\$ 33,286</b>	<b>\$ 1,208,432</b>



**FUND FINANCIAL STATEMENTS**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2017**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,214,065		\$ 1,097,692	\$ 1	\$ 3,311,758
Due from Other Funds	40,826				40,826
Receivables from:					
Governments	20,861	\$ 74,681			95,542
Other	251	6,234	-	-	6,485
	<u>2,276,003</u>	<u>80,915</u>	<u>1,097,692</u>	<u>1</u>	<u>3,454,611</u>
Total Assets	<u>\$ 2,276,003</u>	<u>\$ 80,915</u>	<u>\$ 1,097,692</u>	<u>\$ 1</u>	<u>\$ 3,454,611</u>
<b>LIABILITIES</b>					
Liabilities					
Accounts Payable	\$ 121,162	\$ 28,674	\$ 446,978		\$ 596,814
Note Payable			1,463,216		1,463,216
Due to Other Funds		12,291	-		12,291
Unearned Revenue	-	39,950	-	-	39,950
	<u>121,162</u>	<u>80,915</u>	<u>1,910,194</u>	<u>-</u>	<u>2,112,271</u>
Total Liabilities	<u>121,162</u>	<u>80,915</u>	<u>1,910,194</u>	<u>-</u>	<u>2,112,271</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance					
Excess Surplus - Designated					
for Subsequent Year's Expenditures	150,000				150,000
Excess Surplus	150,000				150,000
Capital Reserve	1,047,126				1,047,126
Capital Reserve - Designated					
for Subsequent Year's Expenditures	200,000				200,000
Maintenance Reserve	222,554				222,554
Emergency Reserve	250,000				250,000
Capital Projects			(812,502)		(812,502)
Debt Service				\$ 1	1
Assigned					
Year End Encumbrances	78,915				78,915
Unassigned	56,246	-	-	-	56,246
	<u>2,154,841</u>	<u>-</u>	<u>(812,502)</u>	<u>1</u>	<u>1,342,340</u>
Total Fund Balances	<u>2,154,841</u>	<u>-</u>	<u>(812,502)</u>	<u>1</u>	<u>1,342,340</u>
Total Liabilities and Fund Balances	<u>\$ 2,276,003</u>	<u>\$ 80,915</u>	<u>\$ 1,097,692</u>	<u>\$ 1</u>	<u>\$ 3,454,611</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

**Total Fund Balances Governmental Funds (Exhibit B-1)** **\$ 1,342,340**

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 \$9,374,139 and the accumulated depreciation is \$5,323,926. 4,050,213

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	\$ 1,186,632	
Deferred Inflows of Resources	<u>(80,854)</u>	
		1,105,778

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (7,906)

Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds Payable	(165,000)	
Leases Payable	(717,895)	
Compensated Absences Payable	(453,476)	
Net Pension Liability	<u>(3,978,908)</u>	
		<u>(5,315,279)</u>

Net Position of Governmental Activities **\$ 1,175,146**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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					
Property Tax Levy	\$ 8,427,693			\$ 82,973	\$ 8,510,666
Interest	15,600				15,600
Miscellaneous	27,892	\$ 20,640	-	-	48,532
<b>Total - Local Sources</b>	<u>8,471,185</u>	<u>20,640</u>	<u>-</u>	<u>82,973</u>	<u>8,574,798</u>
State Sources					
Federal Sources	3,491,172				3,491,172
	-	253,004	-	-	253,004
<b>Total Revenues</b>	<u>11,962,357</u>	<u>273,644</u>	<u>-</u>	<u>82,973</u>	<u>12,318,974</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	5,278,749	43,534			5,322,283
Special Education Instruction	1,600,266	46,875			1,647,141
Other Instruction	492,225				492,225
School-Sponsored Activities and Athletics	124,546				124,546
Support Services					
Student and Instruction Related Services	1,036,306	176,965			1,213,271
General Administration Services	404,275				404,275
School Administration Services	338,332				338,332
Business / Central Services	436,648				436,648
Plant Operations and Maintenance	899,026				899,026
Pupil Transportation	490,362				490,362
Debt Service					
Principal	83,612			80,000	163,612
Interest and Other Charges	21,622			2,972	24,594
Capital Outlay	404,232	6,270	\$ 812,502	-	1,223,004
<b>Total Expenditures</b>	<u>11,610,201</u>	<u>273,644</u>	<u>812,502</u>	<u>82,972</u>	<u>12,779,319</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>352,156</u>	<u>-</u>	<u>(812,502)</u>	<u>1</u>	<u>(460,345)</u>
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non-Budget)	193,384				193,384
Transfers In	40,474		-	-	40,474
Transfers Out	-	-	(40,474)	-	(40,474)
<b>Total Other Financing Sources and Uses</b>	<u>233,858</u>	<u>-</u>	<u>(40,474)</u>	<u>-</u>	<u>193,384</u>
<b>Net Change in Fund Balances</b>	<u>586,014</u>	<u>-</u>	<u>(852,976)</u>	<u>1</u>	<u>(266,961)</u>
<b>Fund Balance, Beginning of Year</b>	<u>1,568,827</u>	<u>-</u>	<u>40,474</u>	<u>-</u>	<u>1,609,301</u>
<b>Fund Balance (Deficit), End of Year</b>	<u>\$ 2,154,841</u>	<u>\$ -</u>	<u>\$ (812,502)</u>	<u>\$ 1</u>	<u>\$ 1,342,340</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
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, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (266,961)

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

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeds depreciation in the period.

Depreciation Expense	\$	(270,677)	
Capital Outlays		<u>1,223,004</u>	
			952,327

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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt Issued			
Capital Leases Payable			(193,384)
Principal Repayments			
Bonds Payable Paid		80,000	
Capital Leases Paid		<u>83,612</u>	
			163,612

In the statement of activities, certain operating expenses, e.g., compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned or accrued amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned or accrued amount the difference is an addition to the reconciliation (+).

Compensated Absences		22,827	
Pension Expense		<u>(270,688)</u>	
			(247,861)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. An increase in accrued interest is a decrease in the reconciliation and a decrease in accrued interest is an increase.

(730)

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 407,003

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**PROPRIETARY FUNDS**  
**ENTERPRISE FUNDS**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2017**

	<u>Food Service Fund</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 6,275	\$ 21,378	\$ 27,653
Intergovernmental Receivable			
Federal	2,433		2,433
State	112		112
Inventories	<u>7,100</u>	<u>-</u>	<u>7,100</u>
Total Current Assets	<u>15,920</u>	<u>21,378</u>	<u>37,298</u>
Capital Assets			
Equipment	84,311		84,311
Less: Accumulated Depreciation	<u>(84,311)</u>	<u>-</u>	<u>(84,311)</u>
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>15,920</u>	<u>21,378</u>	<u>37,298</u>
<b>LIABILITIES</b>			
Current Liabilities			
Due to Other Funds	<u>155</u>	<u>-</u>	<u>155</u>
Total Current Liabilities	<u>155</u>	<u>-</u>	<u>155</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	<u>3,857</u>	<u>-</u>	<u>3,857</u>
Total Deferred Inflows of Resources	<u>3,857</u>	<u>-</u>	<u>3,857</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,012</u>	<u>-</u>	<u>4,012</u>
<b>NET POSITION</b>			
Unrestricted	<u>11,908</u>	<u>21,378</u>	<u>33,286</u>
Total Net Position	<u>\$ 11,908</u>	<u>\$ 21,378</u>	<u>\$ 33,286</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**PROPRIETARY FUNDS**  
**ENTERPRISE FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service Fund</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 86,402		\$ 86,402
Daily Sales - Non-Reimbursable Programs	27,634		27,634
Program Fees		\$ 47,649	47,649
Miscellaneous	852	-	852
Total Operating Revenues	<u>114,888</u>	<u>47,649</u>	<u>162,537</u>
<b>OPERATING EXPENSES</b>			
Salaries, Wages and Payroll Taxes	63,996	36,470	100,466
Cost of Sales - Reimbursable	68,803		68,803
Cost of Sales - Non-Reimbursable	11,661		11,661
Management Fee	6,761		6,761
Insurance	5,298		5,298
Purchased Professional Services	844	760	1,604
Supplies	1,200	789	1,989
Miscellaneous	3,711	10,113	13,824
Total Operating Expenses	<u>162,274</u>	<u>48,132</u>	<u>210,406</u>
Operating Income (Loss)	<u>(47,386)</u>	<u>(483)</u>	<u>(47,869)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	1,729		1,729
Federal Sources			
School Lunch Program	38,518		38,518
Food Distribution Program	12,944		12,944
Interest on deposits	126	-	126
Total Nonoperating Revenues	<u>53,317</u>	<u>-</u>	<u>53,317</u>
Change in Net Position	5,931	(483)	5,448
Net Position, Beginning of Year	<u>5,977</u>	<u>21,861</u>	<u>27,838</u>
Net Position, End of Year	<u>\$ 11,908</u>	<u>\$ 21,378</u>	<u>\$ 33,286</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**PROPRIETARY FUNDS**  
**ENTERPRISE FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service Fund</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 114,888	\$ 49,219	\$ 164,107
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(63,996)	(36,470)	(100,466)
Cash Payments to Suppliers for Goods and Services	<u>(86,184)</u>	<u>(11,662)</u>	<u>(97,846)</u>
Net Cash Provided (Used) by Operating Activities	<u>(35,292)</u>	<u>1,087</u>	<u>(34,205)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from (Paid to) Other Funds	(8,169)	10,643	2,474
Cash Received from State and Federal Subsidy Reimbursements	<u>39,043</u>	<u>-</u>	<u>39,043</u>
Net Cash Provided by Noncapital Financing Activities	<u>30,874</u>	<u>10,643</u>	<u>41,517</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	<u>126</u>	<u>-</u>	<u>126</u>
Net Cash Provided by Investing Activities	<u>126</u>	<u>-</u>	<u>126</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,292)	11,730	7,438
Cash and Cash Equivalents, Beginning of Year	<u>10,567</u>	<u>9,648</u>	<u>20,215</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,275</u>	<u>\$ 21,378</u>	<u>\$ 27,653</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ (47,386)	\$ (483)	\$ (47,869)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Federal Commodities	12,944		12,944
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	(837)		(837)
(Increase)/Decrease in Other Receivable		1,570	1,570
Increase/(Decrease) in Accounts Payable	<u>(13)</u>	<u>-</u>	<u>(13)</u>
Total Adjustments	<u>12,094</u>	<u>1,570</u>	<u>13,664</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (35,292)</u>	<u>\$ 1,087</u>	<u>\$ (34,205)</u>
<b>Non-Cash Financing Activities</b>			
National School Lunch Program (Food Distribution)	<u>\$ 14,403</u>	<u>\$ -</u>	<u>\$ 14,403</u>



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Scholarship Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 85,368	\$ -	\$ 20,077	\$ 73,921
Total Assets	<u>85,368</u>	<u>-</u>	<u>20,077</u>	<u>\$ 73,921</u>
<b>LIABILITIES</b>				
Intergovernmental Payable	36			
Due to Student Groups				\$ 45,541
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,380</u>
Total Liabilities	<u>36</u>	<u>-</u>	<u>-</u>	<u>\$ 73,921</u>
<b>NET POSITION</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 85,332</u>	<u>\$ -</u>	<u>\$ 20,077</u>	

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Scholarship Trust</u>
<b>ADDITIONS</b>			
Contributions			
Employees	\$ 10,670		
Interest on Deposits	408	-	\$ 105
	<hr/>	<hr/>	<hr/>
Total Additions	11,078	-	105
	<hr/>	<hr/>	<hr/>
<b>DEDUCTIONS</b>			
Scholarships Awarded			200
Miscellaneous Expenses		\$ 137	
Unemployment Claims and Contributions	\$ 981	-	-
	<hr/>	<hr/>	<hr/>
Total Deductions	981	137	200
	<hr/>	<hr/>	<hr/>
Change in Net Position	10,097	(137)	(95)
Net Position, Beginning of Year	<hr/> 75,235	<hr/> 137	<hr/> 20,172
Net Position, End of Year	<hr/> \$ 85,332	<hr/> \$ -	<hr/> \$ 20,077

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NOTES TO THE FINANCIAL STATEMENTS**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Frankford Township Board of Education (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 Frankford Township Board of Education this includes general operations, food service, summer enrichment, preschool program 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 2017, the District adopted the following GASB statements as required:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 funds and food service fund 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 fund which is 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 District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *summer enrichment fund* accounts for the activities of the Summer School Program which provides education opportunities beyond the regular school term.

The *preschool program fund* accounts for the activities of the District's preschool program which provides educational opportunities for preschool students.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. 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.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 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.



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**4. *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 acquisition 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>
Site Improvements	10-20
Buildings	30-40
Building Improvements	10-20
Machinery and Equipment	5-15

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

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**6. *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. 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.

**7. *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.

**8. *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.

**9. *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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**9. 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.

**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 – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 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 2C.)

*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 2017/2018 District budget certified for taxes.

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education (See Note 2D).

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education (See Note 2E).

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

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

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

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**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.

***3. Tuition Expenditures***

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 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, the summer enrichment enterprise fund and the preschool program 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 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 February 13, 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.

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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$244,409. The increase was funded by a transfer of maintenance reserve funds, appropriation of prior year extraordinary aid and additional grant awards and the reappropriation of prior year general fund encumbrances.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Deficit Fund Equity**

The District has an accumulated deficit in fund balance of \$812,502 in the Capital Projects Fund as of June 30, 2017. This deficit is the result of the District utilizing temporary financing to fund expenditures for certain capital projects. As the District permanently finances these appropriations the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

**C. 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, 2017 is as follows:

Balance, July 1, 2016		\$ 695,870
Increased by		
Deposits from Unexpended Capital Reserve	\$ 40,474	
Deposits Approved by Board Resolution	<u>510,782</u>	
		<u>551,256</u>
Balance, June 30, 2017		<u>\$ 1,247,126</u>

The District has designated \$200,000 from the capital reserve in the 2017/2018 original budget certified for taxes.

**D. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, June 30, 2016		\$ 218,636
Increased by:		
Deposits from Unexpended Maintenance Reserve	\$ 3,450	
Deposits Approved by Board Resolution	<u>75,000</u>	
		<u>78,450</u>
		297,086
Withdrawals		
Approved by Board Resolution		<u>74,532</u>
Balance, June 30, 2017		<u>\$ 222,554</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$535,689. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**E. Emergency Reserve**

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, June 30, 2016	<u>\$ 250,000</u>
Balance, June 30, 2017	<u>\$ 250,000</u>

**F. Transfers to Capital Outlay**

During the 2016/2017 school year, the district transferred \$176,452 to equipment capital outlay accounts. This amount includes \$13,480 of prior year encumbrances and \$162,972 of current year budget transfer.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**G. 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, 2017 is \$300,000. Of this amount, \$150,000 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$150,000 will be appropriated in the 2018/2019 original budget certified for taxes.

**NOTE 3 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), National Credit Union Share Insurance Fund (NCUSIF), 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. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$3,518,777 and bank and brokerage firm balances of the Board's deposits amounted to \$3,802,425. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>3,802,425</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 none of the Board's bank balances were exposed to custodial credit risk



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Investments**

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

As of June 30, 2017, the Board had no outstanding investments.

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.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2017 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:				
Other	\$ 251	\$ 6,234		\$ 6,485
Intergovernmental				
Federal		74,681	\$ 2,433	77,114
State	20,819		112	20,931
Local	42	-	-	42
	<u>21,112</u>	<u>80,915</u>	<u>2,545</u>	<u>104,572</u>
Gross Receivables				
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 21,112</u>	<u>\$ 80,915</u>	<u>\$ 2,545</u>	<u>\$ 104,572</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 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:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 39,950
Total Unearned Revenue for Governmental Funds	<u>\$ 39,950</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 243,393				\$ 243,393
Construction in Progress	24,576	\$ 812,502	-	\$ (24,576)	812,502
Total capital assets, not being depreciated	<u>267,969</u>	<u>812,502</u>	<u>-</u>	<u>(24,576)</u>	<u>1,055,895</u>
Capital assets, being depreciated:					
Buildings and Improvements	6,126,522	124,837		24,576	6,275,935
Site Improvements	509,136	-			509,136
Machinery and Equipment	1,329,161	285,665	\$ (81,653)	-	1,533,173
Total capital assets being depreciated	<u>7,964,819</u>	<u>410,502</u>	<u>(81,653)</u>	<u>24,576</u>	<u>8,318,244</u>
Less accumulated depreciation for:					
Buildings and Improvements	(3,794,070)	(161,657)			(3,955,727)
Site Improvements	(307,847)	(14,893)			(322,740)
Machinery and equipment	(1,032,985)	(94,127)	81,653	-	(1,045,459)
Total accumulated depreciation	<u>(5,134,902)</u>	<u>(270,677)</u>	<u>81,653</u>	<u>-</u>	<u>(5,323,926)</u>
Total capital assets, being depreciated, net	<u>2,829,917</u>	<u>139,825</u>	<u>-</u>	<u>24,576</u>	<u>2,994,318</u>
Governmental activities capital assets, net	<u>\$ 3,097,886</u>	<u>\$ 952,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,050,213</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2017</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 84,311	-	-	\$ 84,311
Total capital assets being depreciated	<u>84,311</u>	<u>-</u>	<u>-</u>	<u>84,311</u>
Less accumulated depreciation for:				
Machinery and equipment	(84,311)	\$ -	-	(84,311)
Total accumulated depreciation	<u>(84,311)</u>	<u>-</u>	<u>-</u>	<u>(84,311)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Governmental activities:**

Instruction		
Regular		\$ 18,102
Total Instruction		<u>18,102</u>
Support Services		
Student and Instruction Related Services		9,592
General Administration		2,132
School Administration		22,483
Operation and Maintenance of Plant Services		194,162
Business and Other Support Services		3,824
Student transportation		20,382
Total Support Services		<u>252,575</u>
Total depreciation expense - governmental activities		<u>\$ 270,677</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 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, 2017:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
New Security Vestibule Project	\$ 12,255	\$ 280,645
Partial Roof and Fascia Replacement Project	223,097	<u>708,803</u>
Total		<u>\$ 989,448</u>

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

The composition of interfund balances as of June 30, 2017, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 12,291
General Fund	Food Service Fund	155
General Fund	Agency Fund	<u>28,380</u>
Total		<u>\$ 40,826</u>

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

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

**Interfund transfers**

	<u>Transfer In</u>	
	<u>General Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	<u>\$ 40,474</u>	<u>\$ 40,474</u>
	<u>\$ 40,474</u>	<u>\$ 40,474</u>

The above transfers are the result of unexpended capital projects funded by capital reserve.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Capital Leases**

The District is leasing buses totaling \$78,000, copiers totaling \$16,481 and various building improvements totaling \$862,398 under capital leases. The leases are for terms of 5 to 15 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 94,481
Building Improvements	<u>862,398</u>
 Total	 <u>\$ 956,879</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 115,082
2019	115,082
2020	115,082
2021	109,087
2022	92,174
2023-2026	<u>283,044</u>
 Total minimum lease payments	 829,551
Less: amount representing interest	<u>111,656</u>
Present value of minimum lease payments	<u>\$ 717,895</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 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, 2017 is comprised of the following issue:

\$550,000, 2011 School Bonds, due in annual installments of \$80,000 to \$85,000 through August 1, 2018, interest at 1.45%	<u>\$165,000</u>
--	------------------

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

**Governmental Activities:**

Fiscal Year Ending	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
June 30,			
2018	\$ 80,000	\$ 1,812	\$ 81,812
2019	<u>85,000</u>	<u>616</u>	<u>85,616</u>
Totals	<u>\$ 165,000</u>	<u>\$ 2,428</u>	<u>\$ 167,428</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 24,374,864
Less: Debt: Bonds	\$ 165,000
Notes	<u>1,463,216</u>
	<u>1,628,216</u>
Remaining Borrowing Power	<u>\$ 22,746,648</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 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, 2017, was as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 245,000		\$ 80,000	\$ 165,000	\$ 80,000
Leases Payable	608,123	\$ 193,384	83,612	717,895	93,110
Compensated Absences Payable	476,303	7,304	30,131	453,476	-
Net Pension Liability	<u>2,930,795</u>	<u>1,167,463</u>	<u>119,350</u>	<u>3,978,908</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 4,260,221</u>	<u>\$ 1,368,151</u>	<u>\$ 313,093</u>	<u>\$ 5,315,279</u>	<u>\$ 173,110</u>

For the governmental activities, the liabilities for compensated absences, leases payable and net pension liability are generally liquidated by the general fund.

**I. Short-Term Debt**

The Board's short-term activity for the fiscal year ended June 30, 2016 was as follows:

**School Promissory Note**

The Board issued a School Promissory Note ("the Note") to interim finance the 2016 referendum capital project that was approved by the voters on September 27, 2016. The Board's short-term debt activity for the fiscal year ended June 30, 2017 was as follows:

<u>Purpose</u>	<u>Rate</u> <u>%</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance,</u> <u>June 30, 2017</u>
2016 Referendum - New Security Vestibules and Partial Roof Replacement	1.47	3/15/2018	\$ -	\$ 1,463,216	\$ -	\$ 1,463,216
			<u>\$ -</u>	<u>\$ 1,463,216</u>	<u>\$ -</u>	<u>\$ 1,463,216</u>

State law requires that school promissory notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds such notes were issued in anticipation of are paid and retired in each subsequent year.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the School Alliance Insurance Fund (SAIF). The Fund, which is an insured self-administered group established for the sole purpose of providing the following coverage to the employees.

1. Worker’s Compensation and Employees Liability.
2. Automobile and Equipment Liability, General Liability and Property Damage
3. School Board Legal liability
4. Boiler and Machinery

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.

SAIF 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 insurance fund are on file with the School's Business Administrator.

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 10,670	\$ 981	\$ 85,332
2016	10,553	1,852	75,235
2015	10,695	2,335	66,377



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**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, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Other Pension Funds**

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

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

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 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 7.06% for PERS, 7.06% 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, 2017 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively 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>
2017	\$ 119,350	\$ 593,688	\$ 6,956
2016	112,246	399,601	3,455
2015	102,692	276,933	4,681

In addition for fiscal year 2016/2017 the District contributed \$156 for PERS and the State contributed \$1,591 for TPAF for Long Term Disability Insurance Premium (LTDI).

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 \$370,994 during the fiscal year ended June 30, 2017 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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$3,978,908 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2016, the District's proportionate share was .01343 percent, which was an increase of .00038 percent from its proportionate share measured as of June 30, 2015 of .01305 percent.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$390,038 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 73,996	
Changes of Assumptions	824,217	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	151,719	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>136,700</u>	<u>\$ 80,854</u>
Total	<u>\$ 1,186,632</u>	<u>\$ 80,854</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 246,695
2019	246,695
2020	246,695
2021	246,695
2022	118,998
Thereafter	<u>-</u>
	<u>\$ 1,105,778</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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)**

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	<b>1% Decrease <u>(2.98%)</u></b>	<b>Current Discount Rate <u>(3.98%)</u></b>	<b>1% Increase <u>(4.98%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>4,875,687</u>	\$ <u>3,978,908</u>	\$ <u>3,238,539</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. 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).



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,950,040 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$39,262,628. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .04991 percent, which was a decrease of .00131 percent from its proportionate share measured as of June 30, 2015 of .05122 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<b>1% Decrease <u>(2.22%)</u></b>	<b>Current Discount Rate <u>(3.22%)</u></b>	<b>1% Increase <u>(4.22%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 46,888,352</u>	<u>\$ 39,262,628</u>	<u>\$ 33,035,240</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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).

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$494,677, \$475,815 and \$439,631, 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.

**F. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Frankford Township Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 5 MERGER OF NON-OPERATING SCHOOL DISTRICT**

Pursuant to P.L. 2007, c. 63 and A-4141, the Sussex County Executive County Superintendent filed a plan (the "Plan") with the Commissioner of the State of New Jersey, Department of Education (the "Commissioner"), to eliminate the non-operating Branchville Borough School District and to provide for the education of the children of Branchville Borough in the Frankford Township School District. On June 30, 2009, the Commissioner agreed with and approved the Plan submitted for the merger of Branchville Borough School District with the Frankford Township School District, effective July 1, 2009.

The Plan provides for the continuation of a nine member board of education elected for staggered three year terms. Current members of the Frankford Township Board of Education will continue in office until the expiration of their respective terms, at which time the successor shall be elected at-large by the voters of the new district. Within 30 days of the merger of the districts, the Executive County Superintendent will appoint the existing representative from Branchville Borough to serve as a voting member of the Frankford Township Board of Education until the first Monday succeeding the first annual election in which a member of the Frankford Township Board of Education is elected at-large.

The Plan for the first year (2009-10) requires the tax levy to be allocated in the amounts equivalent to the 2009-10 districts' budgets certified for taxes. Thereafter, the Executive County Superintendent recommends that the levy be apportioned through a five-year phase in to 100% equalized valuation. The Commissioner finds that this recommendation results in the least-fiscally disruptive tax levy allocation as required by the statute.

**BUDGETARY COMPARISON SCHEDULES**



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 8,427,693		\$ 8,427,693	\$ 8,427,693	
Interest on Investments	3,000		3,000	15,600	\$ 12,600
Miscellaneous	27,574	-	27,574	27,892	318
Total Local Sources	<u>8,458,267</u>	<u>-</u>	<u>8,458,267</u>	<u>8,471,185</u>	<u>12,918</u>
State Sources					
Security Aid	42,394		42,394	42,394	
Transportation Aid	253,966		253,966	253,966	
Special Education Categorical Aid	308,643		308,643	308,643	
Adjustment Aid	1,346,220		1,346,220	1,346,220	
PARCC Readiness Aid	4,960		4,960	4,960	
Per Pupil Growth Aid	4,960		4,960	4,960	
Equalization Aid	1,133		1,133	1,133	
Prof. Learning Community Aid	5,040		5,040	5,040	
Extraordinary Aid				121,315	121,315
Additional Non Public Transportation Aid				2,958	2,958
On-behalf TPAF Pension System Payments(Non-Budget)					
NCGI				20,759	20,759
Normal Cost				572,929	572,929
Long-Term Disability Insurance Contribution				1,591	1,591
Post Retirement Medical Contribution				494,677	494,677
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	370,994	370,994
Total State Sources	<u>1,967,316</u>	<u>-</u>	<u>1,967,316</u>	<u>3,552,539</u>	<u>1,585,223</u>
Total Revenues	<u>10,425,583</u>	<u>-</u>	<u>10,425,583</u>	<u>12,023,724</u>	<u>1,598,141</u>
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	305,170	\$ (59,975)	245,195	245,193	2
Grades 1-5	1,695,436	10,640	1,706,076	1,706,073	3
Grades 6-8	1,158,457	60,939	1,219,396	1,219,395	1
Regular Program - Home Instruction					
Salaries of Teachers	3,000	8,206	11,206	11,205	1
Purchased Professional-Educational Services	1,500	(1,500)			
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	43,285	2,066	45,351	44,165	1,186
Other Purchased Services	25,700	2,500	28,200	19,379	8,821
General Supplies	160,376	(28,667)	131,709	112,125	19,584
Textbooks	45,000	30,931	75,931	75,008	923
Other Objects	-	-	-	-	-
Total Regular Programs	<u>3,437,924</u>	<u>25,140</u>	<u>3,463,064</u>	<u>3,432,543</u>	<u>30,521</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 747,835	\$ (47,518)	\$ 700,317	\$ 694,253	\$ 6,064
Other Salaries for Instruction	255,146	13,242	268,388	254,612	13,776
General Supplies	5,150	2,377	7,527	6,129	1,398
Total Resource Room/Resource Center	<u>1,008,131</u>	<u>(31,899)</u>	<u>976,232</u>	<u>954,994</u>	<u>21,238</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	85,844		85,844	84,785	1,059
Other Salaries for Instruction	43,611	5,262	48,873	24,340	24,533
General Supplies	690	-	690	-	690
Total Preschool Disabilities - Part-Time	<u>130,145</u>	<u>5,262</u>	<u>135,407</u>	<u>109,125</u>	<u>26,282</u>
Total Special Education	<u>1,138,276</u>	<u>(26,637)</u>	<u>1,111,639</u>	<u>1,064,119</u>	<u>47,520</u>
Basic Skills/Remedial					
Salaries of Teachers	306,620		306,620	297,970	8,650
General Supplies	2,335	22	2,357	325	2,032
Total Basic Skills/Remedial	<u>308,955</u>	<u>22</u>	<u>308,977</u>	<u>298,295</u>	<u>10,682</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	34,000		34,000	31,198	2,802
Purchased Services	2,250		2,250	1,294	956
Supplies and Materials	2,900		2,900	2,325	575
Transfer to Cover Deficit	8,000	17,500	25,500	20,500	5,000
Total School Sponsored Co/Extra Curricular Activities	<u>47,150</u>	<u>17,500</u>	<u>64,650</u>	<u>55,317</u>	<u>9,333</u>
School Sponsored Athletics					
Salaries	31,500	(340)	31,160	28,610	2,550
Purchased Services	4,000	2,150	6,150	6,150	
Supplies and Materials	700	1,327	2,027	1,357	670
Other Objects	500	-	500	-	500
Total School Sponsored Athletics	<u>36,700</u>	<u>3,137</u>	<u>39,837</u>	<u>36,117</u>	<u>3,720</u>
Other Instructional Programs - Instruction					
Salaries of Teachers	31,057		31,057	18,642	12,415
Purchased Professional and Technical Services	2,880		2,880		2,880
General Supplies	500	-	500	-	500
Total Summer School - Instruction	<u>34,437</u>	<u>-</u>	<u>34,437</u>	<u>18,642</u>	<u>15,795</u>
Total Instruction	<u>5,003,442</u>	<u>19,162</u>	<u>5,022,604</u>	<u>4,905,033</u>	<u>117,571</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	\$ 55,000		\$ 55,000	\$ 21	\$ 54,979
Tuition to Priv. Sch. for the Disabled Within the State	26,540	-	26,540	-	26,540
Total Undistributed Expenditures - Instruction	81,540	-	81,540	21	81,519
Health Services					
Salaries	57,695	\$ 2,600	60,295	58,948	1,347
Purchased Professional and Technical Services	6,100	940	7,040	3,875	3,165
Supplies and Materials	6,500	(1,000)	5,500	2,138	3,362
Other Objects	200	10	210	210	-
Total Health Services	70,495	2,550	73,045	65,171	7,874
Speech, OT, PT & Related Services					
Salaries	128,903		128,903	128,903	
Purchased Professional-Educational Services	26,000		26,000	11,368	14,632
Supplies and Materials	630	78	708	526	182
Total Speech, OT, PT & Related Services	155,533	78	155,611	140,797	14,814
Guidance					
Salaries of Other Professional Staff	145,225		145,225	145,225	
Supplies and Materials	655	-	655	169	486
Total Guidance	145,880	-	145,880	145,394	486
Child Study Teams					
Salaries of Other Professional Staff	236,576		236,576	236,396	180
Supplies and Materials	2,020	419	2,439	1,821	618
Other Objects	200	-	200	180	20
Total Child Study Teams	238,796	419	239,215	238,397	818
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	116,907	(152)	116,755	115,601	1,154
Other Purchased Services	2,400	575	2,975	2,975	
Other Objects	1,500	-	1,500	984	516
Total Improvement of Inst. Serv.	120,807	423	121,230	119,560	1,670

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 27,131		\$ 27,131	\$ 26,352	\$ 779
Purchased Professional and Technical Services	5,300	\$ 985	6,285	6,150	135
Supplies and Materials	13,215	170	13,385	11,565	1,820
<b>Total Educational Media Serv./School Library</b>	<b>45,646</b>	<b>1,155</b>	<b>46,801</b>	<b>44,067</b>	<b>2,734</b>
Instructional Staff Training Services					
Purchased Professional - Educational Services	16,000		16,000	11,250	4,750
Other Purchased Services	8,250	-	8,250	4,337	3,913
<b>Total Instructional Staff Training Services</b>	<b>24,250</b>	<b>-</b>	<b>24,250</b>	<b>15,587</b>	<b>8,663</b>
Support Services General Administration					
Salaries	195,431	4,037	199,468	198,981	487
Legal Services	10,000		10,000	8,656	1,344
Audit Fees	23,100	27,050	50,150	22,405	27,745
Architectural/Engineering Services	25,000	(9,283)	15,717	11,600	4,117
Other Purchased Professional Services	1,550	15,508	17,058	17,053	5
Purchased Technical Services		2,325	2,325	2,325	
Communications/Telephone	10,500	5,300	15,800	15,106	694
BOE Other Purchased Services	5,000	1,992	6,992	1,784	5,208
Misc Purchased Services	2,900	70	2,970	2,682	288
General Supplies	4,200	-	4,200	3,058	1,142
Miscellaneous Expenditures	11,500	-	11,500	10,212	1,288
<b>Total Support Services General Administration</b>	<b>289,181</b>	<b>46,999</b>	<b>336,180</b>	<b>293,862</b>	<b>42,318</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals	135,600	(1,663)	133,937	133,641	296
Salaries of Secretarial and Clerical Assistants	86,947		86,947	86,227	720
Other Purchased Services	4,050	603	4,653	4,321	332
Supplies and Materials	4,500	1,692	6,192	6,188	4
Other Objects	1,800	-	1,800	1,565	235
<b>Total Support Services School Administration</b>	<b>232,897</b>	<b>632</b>	<b>233,529</b>	<b>231,942</b>	<b>1,587</b>
Central Services					
Salaries	208,371	(1,050)	207,321	203,933	3,388
Purchased Professional Services	10,900		10,900	10,649	251
Purchased Technical Services	2,850		2,850	2,850	-
Miscellaneous Purchased Services	2,600	3,550	6,150	5,439	711
Supplies and Materials	13,800	371	14,171	14,147	24
Interest on Lease Purchase Agreements	500		500		500
Miscellaneous Expenditures	1,825	-	1,825	1,590	235
<b>Total Central Services</b>	<b>240,846</b>	<b>2,871</b>	<b>243,717</b>	<b>238,608</b>	<b>5,109</b>
Admin. Info. Tech.					
Salaries	72,487	1	72,488	72,487	1
Other Purchased Services	2,000	(1)	1,999	786	1,213
<b>Total Admin. Info. Tech.</b>	<b>74,487</b>	<b>-</b>	<b>74,487</b>	<b>73,273</b>	<b>1,214</b>
Required Maintenance for School Facilities					
Salaries	26,561	40,993	67,554	67,554	
Cleaning, Repair and Maintenance	6,000	84,745	90,745	47,760	42,985
General Supplies	8,500	-	8,500	8,289	211
<b>Total Required Maintenance for School Fac.</b>	<b>41,061</b>	<b>125,738</b>	<b>166,799</b>	<b>123,603</b>	<b>43,196</b>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 352,223	\$ (48,520)	\$ 303,703	\$ 282,977	\$ 20,726
Cleaning, Repair and Maint. Serv.	183,592	(64,888)	118,704	107,628	11,076
Lease Purchase Payments - Energy Savings Imprv Program	70,761		70,761	70,761	
Other Purchased Property Services	2,815		2,815	-	2,815
Insurance	85,437		85,437	82,995	2,442
Miscellaneous Purchased Services	950	400	1,350	1,345	5
General Supplies	43,000	5,954	48,954	46,764	2,190
Energy (Natural Gas)	90,000	(45,665)	44,335	44,200	135
Energy (Electricity)	80,000		80,000	77,096	2,904
Other Objects	2,000	-	2,000	1,678	322
<b>Total Custodial Services</b>	<b>910,778</b>	<b>(152,719)</b>	<b>758,059</b>	<b>715,444</b>	<b>42,615</b>
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	91,504	4,758	96,262	93,897	2,365
Salaries for Pupil Transportation					
(Other Than Between Home and School)	6,000	430	6,430	6,064	366
Other Purchased Prof. and Tech. Services	5,700		5,700	5,180	520
Cleaning, Repair and Maintenance Services	25,000		25,000	22,551	2,449
Lease Purchase Payments - School Buses	35,561		35,561	32,733	2,828
Contracted Services - Aid in Lieu of Payments-					
Non-Public Schools	25,000		25,000	22,542	2,458
Contracted Services (Between Home and School)-					
Vendors	255,755	2	255,757	255,757	
Contracted Services (Other than Between Home and					
School)-Vendors	12,000		12,000	10,844	1,156
Contracted Services (Between Home and School)-					
Joint Agreements	12,156	10,427	22,583	21,864	719
Contracted Services (Sp. Ed. Students)					
Vendors	80,000	(67,613)	12,387		12,387
Contracted Services (Sp. Ed. Students)					
Joint Agreements	-	20,203	20,203	19,158	1,045
Misc. Purchased Serv. - Transportation	4,900		4,900	4,157	743
General Supplies	27,000	(5,500)	21,500	9,342	12,158
Other Objects	700	298	998	902	96
<b>Total Student Transportation Services</b>	<b>581,276</b>	<b>(36,995)</b>	<b>544,281</b>	<b>504,991</b>	<b>39,290</b>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	120,500	(627)	119,873	109,486	10,387
Other Retirement Contributions-PERS	126,000	(6,356)	119,644	119,506	138
Other Retirement Contributions-Regular		6,956	6,956	6,956	
Workmen's Compensation	119,182	294	119,476	119,476	
Health Benefits	1,849,800	(72,218)	1,777,582	1,450,967	326,615
Tuition Reimbursement	37,500	1,977	39,477	26,414	13,063
Other Employee Benefits	600	4,200	4,800	4,618	182
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,253,582</b>	<b>(65,774)</b>	<b>2,187,808</b>	<b>1,837,423</b>	<b>350,385</b>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
On-behalf TPAF Pension System Payments(Non-Budget)					
NCGI				\$ 20,759	\$ (20,759)
Normal Cost				572,929	(572,929)
Long-Term Disability Insurance Contribution				1,591	(1,591)
Post Retirement Medical Contribution				494,677	(494,677)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	370,994	(370,994)
Total Undistributed Expenditures	\$ 5,507,055	\$ (74,623)	\$ 5,432,432	6,249,090	(816,658)
Total Expenditures - Current Expenditures	10,510,497	(55,461)	10,455,036	11,154,123	(699,087)
<b>CAPITAL OUTLAY</b>					
Undistributed Expenditures					
Equipment					
Undistributed - Instruction		127,083	127,083	127,061	22
Undistributed - Custodial Services	18,000	49,369	67,369	67,368	1
Undistributed Assets Acquired Under Capital Lease (Non-Budget)	-	-	-	193,384	(193,384)
Total Equipment	18,000	176,452	194,452	387,813	(193,361)
Facilities Acquisition and Construction Services					
Lease Purchase Agreements - Principal	6,836	-	6,836	-	6,836
Assessment for Debt Service on SDA Funding	250	-	250	250	-
Total Facilities Acquisition and Construction Services	7,086	-	7,086	250	6,836
Total Capital Outlay	25,086	176,452	201,538	388,063	(186,525)
Transfer of Funds to Charter Schools	40,000	28,015	68,015	68,015	-
Total Expenditures	10,575,583	149,006	10,724,589	11,610,201	(885,612)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(150,000)	(149,006)	(299,006)	413,523	712,529
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non-Budget)				193,384	193,384
Transfer from Capital Projects to Capital Reserve	-	-	-	40,474	40,474
Total Other Financing Sources (Uses)	-	-	-	233,858	233,858
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(150,000)	(149,006)	(299,006)	647,381	946,387
Fund Balance, Beginning of Year	1,825,487	-	1,825,487	1,825,487	-
Fund Balance, End of Year	\$ 1,675,487	\$ (149,006)	\$ 1,526,481	\$ 2,472,868	\$ 946,387

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Actual</u>
<b>Recapitulation of Fund Balance</b>	
Restricted Fund Balance	
Excess Surplus - Designated	
for Subsequent Year's Expenditures	\$ 150,000
Excess Surplus	150,000
Capital Reserve	1,047,126
Capital Reserve - Designated	
for Subsequent Year's Expenditures	200,000
Maintenance Reserve	222,554
Emergency Reserve	250,000
Assigned	
Year End Encumbrances	78,915
Unassigned	374,273
Reconciliation to Governmental Funds Statements (GAAP):	2,472,868
Less: State Aid Payments Not Recognized on GAAP Basis	(318,027)
Fund Balance Per Governmental Funds (GAAP)	\$ 2,154,841

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET (NON-GAAP) AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Local	\$ 18,000	\$ 30,554	\$ 48,554	\$ 20,640	\$ (27,914)
Federal	214,000	64,849	278,849	252,789	(26,060)
Total Revenues	<u>232,000</u>	<u>95,403</u>	<u>327,403</u>	<u>273,429</u>	<u>(53,974)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers		38,000	38,000	30,590	7,410
Purchased Professional and Technical Services	142,000	(142,000)			
Other Purchased Services		38,533	38,533	38,533	
General Supplies		23,470	23,470	20,957	2,513
Textbooks	-	114	114	114	-
Total Instruction	<u>142,000</u>	<u>(41,883)</u>	<u>100,117</u>	<u>90,194</u>	<u>9,923</u>
Support Services					
Salaries of Teachers	1,000	67,806	68,806	61,748	7,058
Personal Services - Employee Benefits		7,069	7,069	5,922	1,147
Purchased Professional/Technical Services		57,794	57,794	56,505	1,289
Other Purchased Services	54,000	1,486	55,486	45,264	10,222
General Supplies	33,000	(21,438)	11,562	7,526	4,036
Total Support Services	<u>88,000</u>	<u>112,717</u>	<u>200,717</u>	<u>176,965</u>	<u>23,752</u>
Facilities Acquisition and Construction Services					
Construction Services	2,000	24,569	26,569	6,270	20,299
Total Facilities Acquisition and Construction Services	<u>2,000</u>	<u>24,569</u>	<u>26,569</u>	<u>6,270</u>	<u>20,299</u>
Total Expenditures	<u>232,000</u>	<u>95,403</u>	<u>327,403</u>	<u>273,429</u>	<u>53,974</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 is 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>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules (Exhibits C1 & C2)	\$ 12,023,724	\$ 273,429
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2016		215
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (Prior Year)	256,660	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statement (Current Year)	<u>(318,027)</u>	<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 11,962,357</u>	 <u>\$ 273,644</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C1 & C2)	\$ 11,610,201	\$ 273,429
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2016	<u>-</u>	<u>215</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 11,610,201</u>	 <u>\$ 273,644</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Four Fiscal Years \*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01343 %	0.01305 %	0.01245 %	0.01324 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,978,908</u>	<u>\$ 2,930,795</u>	<u>\$ 2,332,252</u>	<u>\$ 2,532,109</u>
District's Covered-Employee Payroll	<u>\$ 911,591</u>	<u>\$ 918,471</u>	<u>\$ 892,515</u>	<u>\$ 862,543</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	436%	319%	261%	294%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 119,350	\$ 112,246	\$ 102,692	\$ 99,827
Contributions in Relation to the Contractually Required Contributions	<u>119,350</u>	<u>112,246</u>	<u>102,692</u>	<u>99,827</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 911,591</u>	<u>\$ 918,471</u>	<u>\$ 892,515</u>	<u>\$ 862,543</u>
Contributions as a Percentage of Covered-Employee Payroll	13.09%	12.22%	11.51%	11.57%

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.

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

TEACHERS PENSION AND ANNUITY FUND  
Last Four Fiscal Years \*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	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>\$ 39,262,628</u>	<u>\$ 32,375,441</u>	<u>\$ 29,418,262</u>	<u>\$ 28,073,544</u>
Total	<u>\$ 39,262,628</u>	<u>\$ 32,375,441</u>	<u>\$ 29,418,262</u>	<u>\$ 28,073,544</u>
District's Covered-Employee Payroll	<u>\$ 5,075,721</u>	<u>\$ 5,240,681</u>	<u>\$ 5,096,953</u>	<u>\$ 5,209,726</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Change of Benefit Terms:**

None.

**Change of Assumptions:**

Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**SPECIAL REVENUE FUND**



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Title I</u>	<u>Title II Part A</u>	<u>Rural Education Achievement</u>	<u>Local Grants</u>	<u>Total</u>
<b>REVENUES</b>							
Intergovernmental							
Local						\$ 20,640	\$ 20,640
Federal	\$ 143,910	\$ 6,828	\$ 37,134	\$ 23,983	\$ 40,934	-	252,789
Total Revenues	<u>\$ 143,910</u>	<u>\$ 6,828</u>	<u>\$ 37,134</u>	<u>\$ 23,983</u>	<u>\$ 40,934</u>	<u>\$ 20,640</u>	<u>\$ 273,429</u>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers	\$ 7,500		\$ 18,500		\$ 2,590	\$ 2,000	\$ 30,590
Other Purchased Services	38,533						38,533
General Supplies	547	\$ 80	5,681		14,649		20,957
Textbooks	-	-	-	-	-	114	114
Total Instruction	<u>46,580</u>	<u>80</u>	<u>24,181</u>	<u>-</u>	<u>17,239</u>	<u>2,114</u>	<u>90,194</u>
Support Services							
Salaries of Teachers	40,387	2,159		6,260	8,342	4,600	61,748
Personal Services - Employee Benefits	3,863	165	1,415	479			5,922
Purchased Professional/Technical Services	50,220	3,375	2,910				56,505
Other Purchased Services			7,000	16,244	15,353	6,667	45,264
General Supplies	2,860	1,049	1,628	1,000	-	989	7,526
Total Support Services	<u>97,330</u>	<u>6,748</u>	<u>12,953</u>	<u>23,983</u>	<u>23,695</u>	<u>12,256</u>	<u>176,965</u>
Facilities Acquisition and Construction Services							
Construction Services	-	-	-	-	-	6,270	6,270
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,270</u>	<u>6,270</u>
Total Expenditures	<u>\$ 143,910</u>	<u>\$ 6,828</u>	<u>\$ 37,134</u>	<u>\$ 23,983</u>	<u>\$ 40,934</u>	<u>\$ 20,640</u>	<u>\$ 273,429</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Issue/Project Title</u>	<u>Project Number</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance, June 30, 2017</u>
			<u>Prior Year</u>	<u>Current Year</u>		
Multi-Purpose Room HVAC Installation	(1)	\$ 200,920	\$ 177,800		\$ 23,120	
Installation of Air Conditioning Units in Wings A&B	(2)	373,639	356,285		17,354	
New Security Vestibules and Partial Roof Replacement	(3)	<u>1,463,216</u>	-	\$ 812,502	-	\$ 650,714
		<u>\$ 2,037,775</u>	<u>\$ 534,085</u>	<u>\$ 812,502</u>	<u>\$ 40,474</u>	<u>\$ 650,714</u>
Project Balances, June 30, 2017						\$ 650,714
Less: Bonds Authorized but Not Issued						<u>(1,463,216)</u>
Fund Balance, June 30, 2017 (Budgetary Basis)						\$ (812,502)
Fund Balance, June 30, 2017 (GAAP Basis)						<u>\$ (812,502)</u>
<b><u>Recapitulation of Fund Balance - June 30, 2017 (GAAP Basis)</u></b>						
Year End Encumbrances						\$ 572,023
Available for Project Balances						78,691
Bonds Authorized but Not Issued						<u>(1,463,216)</u>
Total Fund Balance - Restricted for Capital Projects						<u>\$ (812,502)</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>Expenditures and Other Financing Uses</b>	
Legal Services	\$ 3,349
Architect and Engineer Services	126,823
Construction Services	682,330
Transfer to General Fund - Capital Reserve	<u>40,474</u>
Total Expenditures and Other Financing Uses	<u>852,976</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(852,976)
Fund Balance - Beginning of Year	<u>40,474</u>
Fund Balance - End of Year	<u><u>\$ (812,502)</u></u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**MULTI-PURPOSE ROOM HVAC INSTALLATION**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year (Cancelled)</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 59,798		\$ 59,798	\$ 59,798
Transfer from Capital Reserve	141,122	\$ (23,120)	118,002	141,122
	<u>200,920</u>	<u>(23,120)</u>	<u>177,800</u>	<u>200,920</u>
<b>Expenditures and Other Financing Uses</b>				
Architect and Engineer Services	28,000		28,000	29,595
Construction Services	149,800	-	149,800	171,325
	<u>177,800</u>	<u>-</u>	<u>177,800</u>	<u>200,920</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 23,120</u>	<u>\$ (23,120)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	SP#1560-050-14-1001			
Grant Date	January 6, 2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 149,495			
Additional Authorized Cost	51,425			
Revised Authorized Cost	200,920			
Percentage Increase Over Original Authorized Cost	34.40%			
Percentage Completion	100.00%			
Original Target Completion Date	September 1, 2015			
Revised Target Completion Date	N/A			

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**INSTALLATION OF AIR CONDITIONING UNITS IN WINGS A&B**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year (Cancelled)</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 103,790		\$ 103,790	\$ 103,790
Transfer from Capital Reserve	269,849	\$ (17,354)	252,495	269,849
	<u>373,639</u>	<u>(17,354)</u>	<u>356,285</u>	<u>373,639</u>
<b>Expenditures and Other Financing Uses</b>				
Architect and Engineer Services	25,700		25,700	28,475
Construction Services	330,585	-	330,585	345,164
	<u>356,285</u>	<u>-</u>	<u>356,285</u>	<u>373,639</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 17,354</u>	<u>\$ (17,354)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	SP#1560-050-14-1002			
Grant Date	January 6, 2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 259,475			
Additional Authorized Cost	114,164			
Revised Authorized Cost	373,639			
Percentage Increase Over Original				
Authorized Cost	44.00%			
Percentage Completion	100.00%			
Original Target Completion Date	September 1, 2015			
Revised Target Completion Date	N/A			

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
NEW SECURITY VESTIBULES AND PARTIAL ROOF REPLACEMENT-FRANKFORD SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	-	-	-	\$ 1,463,216
<b>Total Revenues and Other Financing Sources</b>	-	-	-	1,463,216
<b>Expenditures and Other Financing Uses</b>				
Legal Services		\$ 3,349	\$ 3,349	69,283
Architect and Engineer Services		126,823	126,823	148,125
Construction Services	\$ -	682,330	682,330	1,245,808
<b>Total Expenditures and Other Financing Uses</b>	-	812,502	812,502	1,463,216
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (812,502)	\$ (812,502)	\$ -

**Additional project information:**

Project Number	SP#1560-050-16-1000
Grant Date	N/A
Bond Authorization Date	9/27/2016
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,463,216
Additional Authorized Cost	-
Revised Authorized Cost	1,463,216
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	55.53%
Original Target Completion Date	June 30, 2017
Revised Target Completion Date	N/A



**ENTERPRISE FUND**

FRANKFORD TOWNSHIP BOARD OF EDUCATION  
PROPRIETARY FUNDS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017

	Non-Major Programs		
	Summer Enrichment Fund	Preschool Program Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 21,216	\$ 162	\$ 21,378
Total Current Assets	21,216	162	21,378
Total Assets	21,216	162	21,378
<b>NET POSITION</b>			
Unrestricted	21,216	162	21,378
Total Net Position	\$ 21,216	\$ 162	\$ 21,378

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Non-Major Programs		Total
	Summer Enrichment Fund	Preschool Program Fund	
<b>OPERATING REVENUES</b>			
Charges for Services			
Program Fees	\$ 31,244	\$ 16,405	47,649
Total Operating Revenues	31,244	16,405	47,649
<b>OPERATING EXPENSES</b>			
Salaries, Wages and Payroll Taxes	11,870	24,600	36,470
Purchased Professional Services	760		760
Supplies	564	225	789
Miscellaneous	10,113	-	10,113
Total Operating Expenses	23,307	24,825	48,132
Operating Income (Loss)	7,937	(8,420)	(483)
Net Position, Beginning of Year	13,279	8,582	21,861
Net Position, End of Year	\$ 21,216	\$ 162	\$ 21,378

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Non-Major Programs		
	Summer Enrichment Fund	Preschool Program Fund	Total
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 31,244	\$ 17,975	\$ 49,219
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(11,870)	(24,600)	(36,470)
Cash Payments to Suppliers for Goods and Services	(11,437)	(225)	(11,662)
Net Cash Provided (Used) by Operating Activities	<u>7,937</u>	<u>(6,850)</u>	<u>1,087</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from (Paid to) Other Funds	<u>3,631</u>	<u>7,012</u>	<u>10,643</u>
Net Cash Provided by Noncapital Financing Activities	<u>3,631</u>	<u>7,012</u>	<u>10,643</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,568	162	11,730
Cash and Cash Equivalents, Beginning of Year	<u>9,648</u>	<u>-</u>	<u>9,648</u>
Cash and Cash Equivalents, End of Year	<u>\$ 21,216</u>	<u>\$ 162</u>	<u>\$ 21,378</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 7,937	\$ (8,420)	\$ (483)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Change in Assets and Liabilities (Increase)/Decrease in Other Receivable	<u>-</u>	<u>1,570</u>	<u>1,570</u>
Total Adjustments	<u>-</u>	<u>1,570</u>	<u>1,570</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,937</u>	<u>\$ (6,850)</u>	<u>\$ 1,087</u>

**FIDUCIARY FUNDS**

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2017**

	<u>Agency</u>		
	<u>Student</u>	<u>Payroll</u>	<u>Total</u>
	<u>Activity</u>		
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 45,541	\$ 28,380	\$ 73,921
Total Assets	<u>\$ 45,541</u>	<u>\$ 28,380</u>	<u>\$ 73,921</u>
<b>LIABILITIES</b>			
Due to Other Funds		\$ 28,380	\$ 28,380
Due to Student Groups	\$ 45,541	-	45,541
Total Liabilities	<u>\$ 45,541</u>	<u>\$ 28,380</u>	<u>\$ 73,921</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2017</u>
Elementary Schools				
General Organization	\$ 43,461	\$ 117,926	\$ 115,846	\$ 45,541
 Total All Schools	<u>\$ 43,461</u>	<u>\$ 117,926</u>	<u>\$ 115,846</u>	<u>\$ 45,541</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Balance, July 1, <u>2016</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2017</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings		\$ 3,158,343	\$ 3,158,343	
Due to Other Funds	\$ 42	28,625	287	\$ 28,380
Accrued Salaries and Wages	<u>-</u>	<u>3,992,775</u>	<u>3,992,775</u>	<u>-</u>
 Total	 <u>\$ 42</u>	 <u>\$ 7,179,743</u>	 <u>\$ 7,151,405</u>	 <u>\$ 28,380</u>



**LONG-TERM DEBT**

FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
School Bonds	8/1/2011	\$ 550,000	8/1/2017	\$ 80,000	1.45%			
			8/1/2018	85,000	1.45%	\$ 245,000	\$ 80,000	\$ 165,000
						\$ 245,000	\$ 80,000	\$ 165,000

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Rate of Interest</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
2013 Energy Efficiency Upgrades	\$ 763,495	3.626%	\$ 591,294		\$ 49,995	\$ 541,299
2013 54 Passenger School Bus	80,381		16,829		16,829	
2017 29 Passenger School Bus	78,000			\$ 78,000	16,788	61,212
2017 Four (4) Savin MP Copiers	16,481			16,481		16,481
2017 Lighting Equipment	98,903		-	98,903	-	98,903
			<u>\$ 608,123</u>	<u>\$ 193,384</u>	<u>\$ 83,612</u>	<u>\$ 717,895</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 82,973	-	\$ 82,973	\$ 82,973	-
 Total Revenues	<u>82,973</u>	<u>-</u>	<u>82,973</u>	<u>82,973</u>	<u>-</u>
 <b>EXPENDITURES</b>					
Regular Debt Service					
Principal	80,000		80,000	80,000	
Interest	<u>2,973</u>	<u>-</u>	<u>2,973</u>	<u>2,972</u>	\$ 1
 Total Expenditures	<u>82,973</u>	<u>-</u>	<u>82,973</u>	<u>82,972</u>	<u>1</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
 Fund Balance, Beginning of Year	<u>-</u>	\$ -	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
 <u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Available for Future Debt Service Expenditures				<u>\$ 1</u>	

## STATISTICAL SECTION

This part of the Frankford Township Board of Education'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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
 (Unaudited)  
 (accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
							(Restated)			
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 1,249,435	\$ 1,150,825	\$ 2,237,982	\$ 2,091,278	\$ 1,297,422	\$ 1,626,984	\$ 1,761,254	\$ 1,810,762	\$ 2,244,763	\$ 3,167,318
Restricted	157,596	162,322	167,192	250,252	352,002	486,258	627,392	865,648	954,980	657,179
Unrestricted	(22,434)	(63,016)	(582,916)	(548,551)	564,824	206,684	(2,340,633)	(2,308,280)	(2,431,600)	(2,649,351)
<b>Total Governmental Activities Net Position</b>	<u>\$ 1,384,597</u>	<u>\$ 1,250,131</u>	<u>\$ 1,822,258</u>	<u>\$ 1,792,979</u>	<u>\$ 2,214,248</u>	<u>\$ 2,319,926</u>	<u>\$ 48,013</u>	<u>\$ 368,130</u>	<u>\$ 768,143</u>	<u>\$ 1,175,146</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 25,530	\$ 22,729	\$ 19,927	\$ 6,716						
Unrestricted	11,551	14,855	22,930	21,512	\$ 23,119	\$ 26,505	\$ 25,189	\$ 19,705	\$ 27,838	\$ 33,286
<b>Total Business-Type Activities Net Position</b>	<u>\$ 37,081</u>	<u>\$ 37,584</u>	<u>\$ 42,857</u>	<u>\$ 28,228</u>	<u>\$ 23,119</u>	<u>\$ 26,505</u>	<u>\$ 25,189</u>	<u>\$ 19,705</u>	<u>\$ 27,838</u>	<u>\$ 33,286</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 1,274,965	\$ 1,173,554	\$ 2,257,909	\$ 2,097,994	\$ 1,297,422	\$ 1,626,984	\$ 1,761,254	\$ 1,810,762	\$ 2,244,763	\$ 3,167,318
Restricted	157,596	162,322	167,192	250,252	352,002	486,258	627,392	865,648	954,980	657,179
Unrestricted	(10,883)	(48,161)	(559,986)	(527,039)	587,943	233,189	(2,315,444)	(2,288,575)	(2,403,762)	(2,616,065)
<b>Total District Net Position</b>	<u>\$ 1,421,678</u>	<u>\$ 1,287,715</u>	<u>\$ 1,865,115</u>	<u>\$ 1,821,207</u>	<u>\$ 2,237,367</u>	<u>\$ 2,346,431</u>	<u>\$ 73,202</u>	<u>\$ 387,835</u>	<u>\$ 795,981</u>	<u>\$ 1,208,432</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 5,007,506	\$ 4,925,323	\$ 5,098,000	\$ 4,831,186	\$ 5,026,078	\$ 5,102,326	\$ 4,959,412	\$ 6,230,212	\$ 6,293,203	\$ 6,885,550
Special education	1,355,276	1,405,487	1,503,005	1,762,599	1,927,132	2,002,307	1,779,876	2,188,639	1,993,996	2,073,288
Other instruction	224,220	248,273	343,058	419,500	297,106	413,561	553,783	422,503	603,523	648,682
School Sponsored Activities and Athletics	73,569	139,834	108,551	92,265	72,894	104,678	87,743	112,344	137,138	153,983
Support Services:										
Student & instruction related services	1,143,447	1,164,771	1,153,031	1,168,097	1,231,467	1,223,638	1,254,935	1,212,357	1,212,985	1,337,019
General administration services	382,489	309,300	336,713	325,811	329,924	337,213	372,785	400,845	495,033	504,345
School Administrative services	319,831	316,694	345,639	315,649	339,809	366,645	330,275	378,911	406,830	440,736
Business / Central Services	300,833	313,236	336,639	321,433	351,288	362,338	391,822	434,261	468,485	524,341
Plant operations and maintenance	1,109,090	978,311	1,012,108	1,092,718	1,056,117	990,943	1,135,930	1,080,322	1,275,287	1,149,311
Pupil transportation	877,296	911,131	796,690	817,235	604,957	580,363	552,538	515,751	545,735	525,744
Interest On Long-Term Debt	19,706	14,991	13,096	15,369	26,970	44,911	38,682	30,999	26,292	25,324
Total Governmental Activities Expenses	<u>10,813,263</u>	<u>10,727,351</u>	<u>11,046,530</u>	<u>11,161,862</u>	<u>11,263,742</u>	<u>11,528,923</u>	<u>11,457,781</u>	<u>13,007,144</u>	<u>13,458,507</u>	<u>14,268,323</u>
Business-Type Activities:										
Food Service	191,351	185,562	168,705	167,320	163,299	145,552	149,642	155,152	158,703	162,274
Summer Enrichment	16,570	19,772	18,751	17,214	14,313	15,304	15,531	13,098	12,690	23,307
Preschool Program			7,476	17,917	25,100	25,901	35,795	28,144	30,407	24,825
Total Business-Type Activities Expense	<u>207,921</u>	<u>205,334</u>	<u>194,932</u>	<u>202,451</u>	<u>202,712</u>	<u>186,757</u>	<u>200,968</u>	<u>196,394</u>	<u>201,800</u>	<u>210,406</u>
Total District Expenses	<u>\$ 11,021,184</u>	<u>\$ 10,932,685</u>	<u>\$ 11,241,462</u>	<u>\$ 11,364,313</u>	<u>\$ 11,466,454</u>	<u>\$ 11,715,680</u>	<u>\$ 11,658,749</u>	<u>\$ 13,203,538</u>	<u>\$ 13,660,307</u>	<u>\$ 14,478,729</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges For Services:										
Instruction - Regular	\$ 1,124,153	\$ 856,718	\$ 48,558	\$ 6,269	\$ 50,259					
Instruction -Special education	19,649	31,623	945							
Pupil transportation	90,623	71,468	2,455							
Operating Grants And Contributions	2,080,458	1,435,662	1,694,691	1,601,434	1,788,281	\$ 2,020,174	1,893,405	3,338,360	3,740,474	4,762,663
Capital Grants And Contributions	-	-	383,941	13,190	62,932	-	27,238	6,603	160,261	6,270
Total Governmental Activities Program Revenues	<u>3,314,883</u>	<u>2,395,471</u>	<u>2,130,590</u>	<u>1,620,893</u>	<u>1,901,472</u>	<u>2,020,174</u>	<u>1,920,643</u>	<u>3,344,963</u>	<u>3,900,735</u>	<u>4,768,933</u>
Business-Type Activities:										
Charges For Services										
Food service	\$ 142,650	\$ 145,644	\$ 128,904	\$ 120,811	114,632	\$ 99,522	\$ 101,423	\$ 94,096	\$ 109,905	\$ 114,888
Summer Enrichment	33,629	15,643	15,349	13,672	15,322	15,390	10,638	11,294	15,585	31,244
Preschool Program			8,800	9,600	25,100	26,750	22,715	22,907	33,950	16,405
Operating Grants And Contributions	40,567	36,817	42,335	40,699	40,244	39,393	52,303	52,549	50,414	53,191
Capital Grants And Contributions										
Total Business Type Activities Program Revenues	<u>216,846</u>	<u>198,104</u>	<u>195,388</u>	<u>184,782</u>	<u>195,298</u>	<u>181,055</u>	<u>187,079</u>	<u>180,846</u>	<u>209,854</u>	<u>215,728</u>
Total District Program Revenues	<u>\$ 3,531,729</u>	<u>\$ 2,593,575</u>	<u>\$ 2,325,978</u>	<u>\$ 1,805,675</u>	<u>\$ 2,096,770</u>	<u>\$ 2,201,229</u>	<u>\$ 2,107,722</u>	<u>\$ 3,525,809</u>	<u>\$ 4,110,589</u>	<u>\$ 4,984,661</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (7,498,380)	\$ (8,331,880)	\$ (8,915,940)	\$ (9,540,969)	\$ (9,362,270)	\$ (9,508,749)	\$ (9,537,138)	\$ (9,662,181)	\$ (9,557,772)	\$ (9,499,390)
Business-Type Activities	8,925	(7,230)	456	(17,669)	(7,414)	(5,702)	(13,889)	(15,548)	8,054	5,322
Total District-Wide Net Expense	<u>\$ (7,489,455)</u>	<u>\$ (8,339,110)</u>	<u>\$ (8,915,484)</u>	<u>\$ (9,558,638)</u>	<u>\$ (9,369,684)</u>	<u>\$ (9,514,451)</u>	<u>\$ (9,551,027)</u>	<u>\$ (9,677,729)</u>	<u>\$ (9,549,718)</u>	<u>\$ (9,494,068)</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues And Other Changes In Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 6,169,533	\$ 6,348,953	\$ 7,706,177	\$ 7,993,671	\$ 8,018,172	\$ 8,178,510	\$ 8,339,428	\$ 8,501,764	\$ 8,496,908	\$ 8,427,693
Taxes Levied For Debt Service	86,275	87,598	88,663	89,463	95,000	77,468	69,327	85,292	58,218	82,973
State Aid - Levied For Debt Service										
Federal And State Aid - Unrestricted	1,565,229	1,756,100	1,686,223	1,428,528	1,673,117	1,341,900	1,343,148	1,355,507	1,356,499	1,352,235
Investment Earnings	15,815	8,764	9,725	7,054	6,832	3,544	4,054	5,842	6,127	15,600
Miscellaneous Income		3,507	1,279	1,974	4,418	32,005	53,877	43,893	35,734	27,892
Donated Capital Assets									4,299	-
Transfers	-	(7,508)	(4,000)	(9,000)	(14,000)	(19,000)	(12,500)	(10,000)	-	-
<b>Total Governmental Activities</b>	<b>7,836,852</b>	<b>8,197,414</b>	<b>9,488,067</b>	<b>9,511,690</b>	<b>9,783,539</b>	<b>9,614,427</b>	<b>9,797,334</b>	<b>9,982,298</b>	<b>9,957,785</b>	<b>9,906,393</b>
Business-Type Activities:										
Investment Earnings	769	225	817	249	305	88	73	64	79	126
Transfers	-	7,508	4,000	9,000	2,000	9,000	12,500	10,000	-	-
<b>Total Business-Type Activities</b>	<b>769</b>	<b>7,733</b>	<b>4,817</b>	<b>9,249</b>	<b>2,305</b>	<b>9,088</b>	<b>12,573</b>	<b>10,064</b>	<b>79</b>	<b>126</b>
<b>Total District-Wide</b>	<b>\$ 7,837,621</b>	<b>\$ 8,205,147</b>	<b>\$ 9,492,884</b>	<b>\$ 9,520,939</b>	<b>\$ 9,785,844</b>	<b>\$ 9,623,515</b>	<b>\$ 9,809,907</b>	<b>\$ 9,992,362</b>	<b>\$ 9,957,864</b>	<b>\$ 9,906,519</b>
<b>Change In Net Position</b>										
Governmental Activities	\$ 338,472	\$ (134,466)	\$ 572,127	\$ (29,279)	\$ 421,269	\$ 105,678	\$ 260,196	\$ 320,117	\$ 400,013	\$ 407,003
Business-Type Activities	9,694	503	5,273	(8,420)	(5,109)	3,386	(1,316)	(5,484)	8,133	5,448
<b>Total District</b>	<b>\$ 348,166</b>	<b>\$ (133,963)</b>	<b>\$ 577,400</b>	<b>\$ (37,699)</b>	<b>\$ 416,160</b>	<b>\$ 109,064</b>	<b>\$ 258,880</b>	<b>\$ 314,633</b>	<b>\$ 408,146</b>	<b>\$ 412,451</b>



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Unaudited)**

*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$ 404,418	\$ 481,208	\$ 589,987							
Unreserved	297,458	8,055	14,709							
Nonspendable				\$ 11,666						
Restricted				568,205	683,784	\$ 918,039	\$ 938,045	\$ 1,020,617	\$ 1,464,506	\$ 2,019,680
Committed				48,457	418,087	52,878				
Assigned					123,467		26,735	28,577	45,299	78,915
Unassigned				60,977	39,504	68,673	60,771	59,140	59,022	56,246
<b>Total General Fund</b>	<u>\$ 701,876</u>	<u>\$ 489,263</u>	<u>\$ 604,696</u>	<u>\$ 689,305</u>	<u>\$ 1,264,842</u>	<u>\$ 1,039,590</u>	<u>\$ 1,025,551</u>	<u>\$ 1,108,334</u>	<u>\$ 1,568,827</u>	<u>\$ 2,154,841</u>
<b>All Other Governmental Funds</b>										
Reserved		\$ 591,334	\$ 40,441							
Restricted					\$ 38,218	\$ 38,219	\$ 239,347	\$ 395,031	\$ 40,474	\$ (812,501)
Unreserved	\$ 2	(601,634)	(615,816)							
Unassigned				\$ (595,161)	-					
<b>Total All Other Governmental Funds</b>	<u>\$ 2</u>	<u>\$ (10,300)</u>	<u>\$ (575,375)</u>	<u>\$ (595,161)</u>	<u>\$ 38,218</u>	<u>\$ 38,219</u>	<u>\$ 239,347</u>	<u>\$ 395,031</u>	<u>\$ 40,474</u>	<u>\$ (812,501)</u>

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	\$ 6,255,808	\$ 6,436,551	\$ 7,794,840	\$ 8,083,134	\$ 8,113,172	\$ 8,255,978	\$ 8,408,755	\$ 8,587,056	\$ 8,555,126	\$ 8,510,666
Tuition Charges	1,143,802	888,341	49,503	6,269	50,259					
Transportation	90,623	71,468	2,455							
Interest Earnings	15,814	8,764	9,725	7,054	6,832	3,544	4,054	5,842	6,127	15,600
Miscellaneous	4,847	4,507	3,285	8,687	4,418	32,005	54,060	44,519	82,145	48,532
State Sources	3,448,185	2,962,448	3,391,376	2,824,706	3,185,874	3,136,952	3,058,281	3,122,242	3,396,963	3,491,172
Federal Sources	192,656	228,314	371,473	211,733	338,456	225,122	205,327	271,556	236,349	253,004
<b>Total Revenue</b>	<b>11,151,735</b>	<b>10,600,393</b>	<b>11,622,657</b>	<b>11,141,583</b>	<b>11,699,011</b>	<b>11,653,601</b>	<b>11,730,477</b>	<b>12,031,215</b>	<b>12,276,710</b>	<b>12,318,974</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	4,973,361	4,880,358	5,104,712	4,786,087	4,999,883	5,090,542	4,916,839	5,351,788	5,231,943	5,322,283
Special Education Instruction	1,350,887	1,399,204	1,491,701	1,757,078	1,938,548	1,997,813	1,768,156	1,887,122	1,719,057	1,647,141
Other Instruction	223,348	247,595	335,963	418,100	295,822	410,291	544,544	423,315	500,790	492,225
School Sponsored Activities And Athletics	73,569	139,834	104,501	82,843	72,894	104,678	87,743	96,741	117,530	124,546
<b>Support Services:</b>										
Student & Inst. Related Services	1,137,617	1,154,671	1,158,528	1,142,993	1,214,671	1,201,380	1,236,368	1,203,755	1,161,565	1,213,271
General Administration	382,489	307,806	338,503	324,962	329,924	337,213	372,785	348,956	366,512	404,275
School Administration Services	314,453	308,976	338,622	309,469	325,497	340,449	310,006	320,749	336,748	338,332
Business / Central Services	300,042	311,530	338,442	320,426	350,761	360,293	386,034	404,093	420,636	436,648
Plant Operations And Maintenance	1,019,553	879,697	867,092	941,013	895,719	793,102	954,403	906,236	1,055,556	899,026
Pupil Transportation	845,717	888,466	744,168	768,310	565,241	538,903	508,196	504,881	530,109	490,362
Capital Outlay	269,745	210,063	1,192,543	152,333	757,835	579,473	234,268	189,116	530,258	1,223,004
<b>Debt Service:</b>										
Principal	82,085	75,000	88,201	121,375	44,452	174,075	168,600	149,299	172,022	163,612
Interest And Other Charges	17,536	12,600	9,810	11,367	10,098	51,437	42,946	31,697	28,048	24,594
<b>Total Expenditures</b>	<b>10,990,402</b>	<b>10,815,800</b>	<b>12,112,786</b>	<b>11,136,356</b>	<b>11,801,345</b>	<b>11,979,649</b>	<b>11,530,888</b>	<b>11,817,748</b>	<b>12,170,774</b>	<b>12,779,319</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	161,333	(215,407)	(490,129)	5,227	(102,334)	(326,048)	199,589	213,467	105,936	(460,345)
<b>Other Financing Sources (Uses)</b>										
Proceeds From Borrowing					1,313,495					
Capital Leases (Non-Budgeted)			48,537	77,763	11,755	119,597		35,000		193,384
Transfers In					78,923		280,524	165,589		40,474
Transfers Out	-	(7,508)	(8,050)	(18,167)	(92,923)	(19,000)	(293,024)	(175,589)	-	(40,474)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(7,508)</b>	<b>40,487</b>	<b>59,596</b>	<b>1,311,250</b>	<b>100,597</b>	<b>(12,500)</b>	<b>25,000</b>	<b>-</b>	<b>193,384</b>
<b>Net Change In Fund Balances</b>	<b>\$ 161,333</b>	<b>\$ (222,915)</b>	<b>\$ (449,642)</b>	<b>\$ 64,823</b>	<b>\$ 1,208,916</b>	<b>\$ (225,451)</b>	<b>\$ 187,089</b>	<b>\$ 238,467</b>	<b>\$ 105,936</b>	<b>\$ (266,961)</b>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	0.93%	0.83%	0.90%	1.21%	0.49%	1.98%	1.87%	1.56%	1.72%	1.63%

\* Noncapital expenditures are total expenditures less capital outlay.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN YEARS  
(Unaudited)**

<b>Fiscal Year Ended <u>June 30,</u></b>	<b><u>Interest Earned</u></b>	<b><u>Misc.</u></b>	<b><u>Total</u></b>
2008	\$ 15,814		\$ 15,814
2009	8,764	\$ 3,507	12,271
2010	9,725	1,279	11,004
2011	7,054	1,974	9,028
2012	6,832	4,418	11,250
2013	3,544	32,005	35,549
2014	4,054	53,877	57,931
2015	5,842	43,893	49,735
2016	6,127	35,734	41,861
2017	15,600	27,892	43,492

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**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 <sup>a</sup>
2008	\$ 42,074,100	\$ 735,232,100	\$ 95,578,500	\$ 3,324,400	\$ 71,902,900	\$ 6,335,800	\$ 1,075,900	\$ 955,523,700	\$ 3,202,525	\$ 958,726,225	\$ 918,469,471	\$ 0.66
2009	39,020,900	731,711,400	98,406,200	3,416,800	71,526,000	6,335,800	1,075,900	951,493,000	2,746,065	954,239,065	969,749,412	0.69
2010	36,262,400	733,931,900	97,248,900	3,342,100	70,748,400	6,548,400	1,075,900	949,158,000	2,440,197	951,598,197	929,177,524	0.71
2011	34,353,400	734,220,600	98,825,200	3,292,400	69,990,600	6,548,400	1,075,900	948,306,500	2,337,823	950,644,323	886,165,997	0.74
2012	32,016,200	734,356,000	98,293,600	3,105,000	63,247,500	6,414,300	1,075,900	938,508,500	2,230,757	940,739,257	862,469,699	0.74
2013 (A)	18,976,800	559,837,200	72,998,200	3,249,500	60,275,700	5,529,600	880,200	721,747,200	2,033,198	723,780,398	792,810,574	0.98
2014	17,333,200	565,328,300	69,949,600	3,999,800	59,828,300	5,529,600	880,200	723,049,000	1,811,215	724,860,215	845,128,593	1.000
2015	17,180,700	570,042,100	71,069,100	3,065,400	59,064,500	5,529,600	841,700	726,793,100	1,183,338	727,976,438	825,685,795	1.008
2016	16,952,900	577,131,100	66,649,100	3,008,700	59,222,500	5,529,600	841,700	729,335,600	2,049,219	731,384,819	824,978,449	1.024
2017	16,848,200	578,350,100	67,073,900	3,003,600	59,117,800	5,529,600	859,800	730,783,000	-	730,783,000	807,870,623	1.013

Source: County Abstract of Ratables

(A) The Township undertook a reassessment of real property which became effective in the year 2013.

a Tax rates are per \$100

N/A = Not Available

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(Unaudited)**  
*(rate per \$100 of assessed value)*

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		Regional School District	Municipality	County	
2008	0.66	0.47	0.20	0.37	1.70
2009	0.69	0.49	0.20	0.39	1.77
2010	0.71	0.48	0.22	0.39	1.80
2011	0.74	0.50	0.21	0.41	1.86
2012	0.74	0.53	0.22	0.42	1.92
2013 (A)	0.98	0.71	0.35	0.49	2.54
2014	1.00	0.70	0.37	0.55	2.62
2015 (B)	1.008	0.649	0.35	0.556	2.563
2016 (B)	1.024	0.598	0.366	0.588	2.576
2017 (B)	1.013	0.559	0.340	0.632	2.544

(A) The Township undertook a reassessment of real property which became effective in the year 2013.

(B) The Frankford direct school tax rate has been included on the County of Sussex Abstract of Ratables with the High School Regional School District tax rate due to the merger with the Frankford School District and the Branchville School District. The direct school tax rate was calculated by dividing the calendar year tax levy of the District by the calendar year assessed valuation.

Source: County Abstract of Ratables

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
129 Morris Turnpike Realty, LLC	\$ 6,500,000	0.89%		
Sussex County Farm & Horse Show	2,713,000	0.37%	\$ 1,708,900	0.18%
Visions Federal Credit Union	2,419,600	0.33%		
Branchville Manor	2,362,900	0.32%	3,932,800	0.41%
Individual	1,987,500	0.27%	2,779,500	0.29%
Skylands Stadium, LLC	1,600,000	0.22%		
One to One LLC	1,352,400	0.19%	1,777,100	0.19%
Kymers Campground, Inc	1,346,900	0.18%		
Individual	1,339,900	0.18%		
Individual	1,267,100	0.17%		
Skylands Park Management, Inc			6,735,200	0.70%
Sprint United Telephone Co			3,202,525	0.33%
Kreuger			1,675,800	0.17%
Tri-Co Federal Credit Union			2,721,200	0.28%
Individual			1,804,400	0.19%
Post			1,721,900	0.18%
	<u>\$ 22,889,300</u>	<u>3.13%</u>	<u>\$ 28,059,325</u>	<u>2.92%</u>

Source: Municipal Tax Assessor

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 6,255,808	\$ 6,255,808	100.00%	
2009	6,436,551	6,436,551	100.00%	
2010 (A)	7,794,840	7,794,840	100.00%	
2011	8,083,134	8,012,143	99.12%	\$ 70,991
2012	8,113,172	8,113,172	100.00%	
2013	8,255,978	8,255,978	100.00%	
2014	8,408,755	8,408,755	100.00%	
2015	8,587,056	8,587,056	100.00%	
2016	8,555,126	8,555,126	100.00%	
2017	8,510,666	8,510,624	99.99%	42

Note (A) Beginning in the fiscal year ended June 30, 2010, the District's tax levy and collections include the taxes of the Branchville Borough School District (nonoperating) which was merged with the Frankford Township Board of Education.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>Governmental Activities</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2008	\$ 240,000		\$ 240,000	5,612	\$ 43
2009	165,000		165,000	5,595	29
2010	85,000	\$ 40,336	125,336	5,566	23
2011		81,724	81,724	5,542	15
2012	550,000	812,522	1,362,522	5,515	247
2013	480,000	828,044	1,308,044	5,490	238
2014	405,000	734,444	1,139,444	5,477	208
2015	325,000	700,145	1,025,145	5,435	189
2016	245,000	608,123	853,123	5,371	159
2017	165,000	717,895	882,895	5,371	* 164

\* Estimate

Source: District records



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	General Obligation Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Debt	Deductions			
2008	240,000		240,000	0.03%	43
2009	165,000		165,000	0.02%	29
2010	85,000		85,000	0.01%	15
2011			-	0.00%	-
2012	550,000		550,000	0.06%	100
2013	480,000		480,000	0.07%	87
2014	405,000		405,000	0.06%	74
2015	325,000	\$ 25,915	299,085	0.04%	55
2016	245,000		245,000	0.03%	46
2017	165,000	1	164,999	0.02%	31

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2016  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Frankford Township Board of Education	\$ 1,628,216	\$ 1,628,216	
Township of Frankford	<u>1,511,315</u>	<u>-</u>	<u>\$ 1,511,315</u>
	<u>\$ 3,139,531</u>	<u>\$ 1,628,216</u>	<u>1,511,315</u>
Overlapping Debt Apportioned to the Municipality:			
Sussex County:			
County of Sussex (A)			<u>5,313,188</u>
			<u>5,313,188</u>
 Total Direct and Overlapping Debt			 <u>\$ 6,824,503</u>

Source:

(1) Township of Frankford's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township of Frankford by dividing the municipality's 2016 equalized value by the total 2016 equalized value for Sussex County.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2017**

	Equalized valuation basis
	2016 \$ 803,587,043
	2015 817,356,163
	2014 <u>816,543,196</u>
	<u>\$ 2,437,486,402</u>
Average equalized valuation of taxable property	<u>\$ 812,495,467</u>
Debt limit (3 % of average equalization value)	24,374,864
Total Net Debt Applicable to Limit	<u>165,000</u>
Legal debt margin	<u>\$ 24,209,864</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 24,366,632	\$ 26,837,104	\$ 27,971,456	\$ 27,744,038	\$ 26,728,973	\$ 25,958,172	\$ 25,536,625	\$ 25,040,933	\$ 24,730,427	\$ 24,374,864
Total net debt applicable to limit	-	777,723	777,723	777,723	698,800	628,800	405,000	325,000	245,000	1,628,216
Legal debt margin	\$ 24,366,632	\$ 26,059,381	\$ 27,193,733	\$ 26,966,315	\$ 26,030,173	\$ 25,329,372	\$ 25,131,625	\$ 24,715,933	\$ 24,485,427	\$ 22,746,648
Total net debt applicable to the limit as a percentage of debt limit	0.00%	2.90%	2.78%	2.80%	2.61%	2.42%	1.59%	1.30%	0.99%	6.68%

Source: Annual Debt Statements

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	5,612	47,416	4.7%
2009	5,595	46,021	7.8%
2010	5,566	46,659	8.3%
2011	5,542	48,471	8.1%
2012	5,515	50,169	8.0%
2013	5,490	50,534	6.5%
2014	5,477	52,851	7.0%
2015	5,435	55,497	5.9%
2016	5,371	N/A	5.0%
2017	5,371	* N/A	N/A

Source: New Jersey State Department of Education

\* Estimate

N/A - not available

FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST EIGHT FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction								
Regular	45.4	46.1	46.1	44.1	46.5	46.4	47.3	45.0
Special education	26.2	27.2	27.2	26.8	26.9	26.9	21.8	22.0
Other instruction	2.8	1.3	1.3	1.0	1.0	1.0	4.0	4.3
Support Services:								
Student & instruction related services	8.8	8.4	8.4	8.4	8.4	8.6	9.4	9.7
General administration services	1.9	2.0	2.0	2.0	1.9	1.9	1.9	1.9
School administrative services	4.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Business / Central services	3.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0
Plant operations and maintenance	7.0	6.0	6.0	6.0	6.0	6.0	6.4	6.4
Pupil transportation	2.9	2.8	2.9	2.3	2.7	2.7	2.8	2.3
Total	<u>102.8</u>	<u>100.5</u>	<u>100.6</u>	<u>97.3</u>	<u>100.6</u>	<u>100.7</u>	<u>100.8</u>	<u>98.8</u>

Source: District Personnel Records

Note:

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

FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 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	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2008	690.0	10,621,036	15,393	9.41%	71	1:10	1:10	664.6	632.1	-5.56%	95.11%
2009	662.0	10,518,137	15,888	3.22%	71	1:10	1:10	631.6	601.7	-4.97%	95.27%
2010	630.0	10,822,232	17,178	8.12%	71	1:10	1:10	630.6	601.7	-0.16%	95.42%
2011	599.0	10,851,281	18,116	5.46%	73	1:08	1:08	593.6	565.4	-5.87%	95.25%
2012	582.0	10,988,960	18,881	4.23%	70	1:08	1:08	580.7	556.0	-2.17%	95.75%
2013	557.0	11,174,464	20,062	6.25%	69	1:08	1:08	547.4	524.7	-5.73%	95.85%
2014	556.0	11,085,074	19,937	-0.62%	70	1:08	1:08	553.1	531.7	1.03%	96.13%
2015	543.0	11,447,636	21,082	5.74%	69	1:08	1:08	540.2	517.9	-2.33%	95.87%
2016	526.0	11,440,446	21,750	3.17%	70	1:08	1:08	524.5	502.1	-2.91%	95.73%
2017	516.0	11,368,109	22,031	1.29%	71	1:08	1:08	529.5	506.1	0.95%	95.58%

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>District Building</u></b>										
<b><u>Early Learning Center</u></b>										
Branchville School (1920)										
Square Feet	7,881	7,881	7,881	7,881	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	61	61	61	61	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	107	74	82	68	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Elementary/Middle School</u></b>										
Frankford Twp. School (1950)										
Square Feet	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459
Capacity (students)	636	636	636	636	636	636	636	636	636	636
Enrollment	625	570	580	531	580	557	556	543	526	516
<b><u>Early Learning Center</u></b>										
Modular Trailer (2014)										
Square Feet					1,357	1,357	1,357	1,357	1,357	1,357
Capacity (students)					44	44	44	44	44	44
Enrollment					N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Other</u></b>										
Administration Building										
Square Feet	800	800	800	800	800	800	800	800	800	800
CST Traylor										
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	756	756	756
Number of Buildings at June 30, 2017										
Early Learning Center =	1									
Elementary/Middle =	1									
Other =	2									

Source: District Records



FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN YEARS  
 (Unaudited)

School Facilities	Project # (s)	<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>	<u>2017</u>
Frankford Township School	1560-050-03-0317	\$ 29,147	\$ 30,407	\$ 32,047	\$ 32,330	\$ 54,303	\$ 41,208	\$ 40,696	\$ 36,069	\$ 39,462	\$ 123,603
Branchville Annex	NA	<u>9,210</u>	<u>9,412</u>	<u>13,031</u>	<u>9,153</u>	-	-	-	-	-	-
Total School Facilities		<u>\$ 38,357</u>	<u>\$ 39,819</u>	<u>\$ 45,078</u>	<u>\$ 41,483</u>	<u>\$ 54,303</u>	<u>\$ 41,208</u>	<u>\$ 40,696</u>	<u>\$ 36,069</u>	<u>\$ 39,462</u>	<u>\$ 123,603</u>

Source: District Records

**FRANKFORD TOWNSHIP BOARD OF EDUCATION**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2017**  
**(Unaudited)**

**School Alliance Insurance Fund is a Joint Insurance Fund pursuant to N.J.S.A. 18A-18B-1 et. Seq.**  
**Policy numbers are not available for Joint Insurance Fund documents as they are written in blanket form.**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy – School Alliance Insurance Fund	\$ 500,000,000	\$ 2,500
Building & Personal Property		
Inland Marine – Auto Physical Damage		
General Liability including Auto, Employee Benefits		
Each Occurrence	5,000,000	
General Aggregate (Fund)	100,000,000	
Product/Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses		
(excluding students taking part in athletics)	10,000	
Automobile Coverage		
Combined Single Limit		
Hired/Non-owned		
Environmental Impairment Liability	1,000,000/25,000,000 Fund Agg.	10,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler & Machinery	100,000,000	2,500
Excess Liability (AL/GL)	10,000,000	
School Board Legal	5,000,000	5,000
Excess SLPL	10,000,000	
Workers' Compensation	Statutory	
Employer's Liability	2,000,000	
Supplemental Indemnity	Statutory	
Bond for School Administrator	25,000 Selective Insurance	
Bond for Treasurer of School Monies	190,000 Selective Insurance	
Student Accident	All students 1,000,000 limit 5yr benefit	Full Excess

Pursuant to N.J.S.A. 18A-18B-1 et. seq and corresponding regulations, fund years that are eligible for returns will be examined annually after the annual audit for the eligible years.

As of the date of this audit schedule, there is no need to additionally assess the members of SAIF for any past year, although all SAIF years remain open until all claims are satisfied.

A current list of insurance related claims including the payments made by SAIF is on file with the District and not for public record as some claims are currently in or involving litigation or settlement.

Source: District Records

**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  
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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, PSA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Frankford Township Board of Education  
Branchville, 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 Frankford Township Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Frankford Township Board of Education's basic financial statements and have issued our report thereon dated November 14, 2017

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Frankford Township Board of Education's 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 Frankford Township Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Frankford Township Board of Education's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 14, 2017



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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GARY W. HIGGINS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE 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  
Frankford Township Board of Education  
Branchville, New Jersey

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

We have audited the Frankford Township Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Frankford Township Board of Education's major state programs for the fiscal year ended June 30, 2017. The Frankford Township Board of Education's major 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Frankford Township Board of Education's major 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; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about the Frankford Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Frankford Township Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

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

Management of the Frankford Township Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Frankford Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with 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 Frankford Township Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on 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 Frankford Township Board of Education, as of and for the fiscal year ended June 30, 2017 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, 2017, 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 state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Terch, Vinci & Higgins LLP*

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

*Gary W. Higgins*

Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 14, 2017



**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016				Balance at June 30, 2017				Memo GAAP Receivable		
						(Account Receivable)	Unearned Revenue	Due to Grantor	Def Rev Carryover Amount	A/R Carryover Amount	Cash Received	Budgetary Expenditures	(Account Receivable)		Unearned Revenue	Due to Grantor
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education</b>																
<b>Enterprise Fund</b>																
National School Lunch Program																
Non Cash Assistance (Food Distr.)	10.555	1616NJ304N1099	N/A	7/1/15-6/30/16	\$ 11,306		\$ 2,398				\$ 2,398					
Non Cash Assistance (Food Distr.)	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	14,403					\$ 14,403	10,546		\$ 3,857			
Cash Assistance	10.555	1616NJ304N1099	N/A	7/1/15-6/30/16	37,201	\$ (1,281)				1,281						
Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	38,518					36,085	38,518		\$ (2,433)		\$ (2,433)	
Total Child Nutrition Cluster																
Total U.S. Department of Agriculture - Enterprise Fund																
						(1,281)	2,398				51,769	51,462		(2,433)	3,857	(2,433)
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
<b>Special Revenue</b>																
IDEA Part B Basic	84.027	H027A160100	FT-1560-03C	7/1/16-6/30/17	143,710					89,117	143,710		(54,593)		(54,593)	
IDEA Part B Basic	84.027	H027A150100	FT-1560-03C	7/1/15-6/30/16	150,325	(43,348)				43,348						
IDEA Part B Preschool	84.173	H173A150114	PS-1560-03C	7/1/15-6/30/16	6,805	(207)	200			200	200	\$ 7				
IDEA Part B Preschool	84.173	H173A160114	PS-1560-03C	7/1/16-6/30/17	6,828					6,019	6,828		(809)		(809)	
Total Special Education Cluster (IDEA)																
											150,738					
Rural & Low-Income Education	84.358A	S358B150030	S358A127938	7/1/15-9/30/16	40,311	(11,510)	20,093			11,510	20,093					
Rural & Low-Income Education	84.358A	S358B160030	S358A127938	7/1/16-6/30/17	40,492					40,492	20,841			19,651		
Total Rural & Low Income Education Cluster																
											40,934					
Title I	84.010	S010A150030	NCLB-1560-03	7/1/15-6/30/16	34,325	(24,897)	8,309	\$ (8,310)	\$ 8,310	16,587						
Title I	84.010	S010A160030	NCLB-1560-03	7/1/16-6/30/17	35,233			8,310	(8,310)	23,051	37,134		(20,492)	6,409	(14,083)	
Title IIA	84.367A	S367A150029	NCLB-1560-03	7/1/15-6/30/16	19,508	(14,126)	5,196	(5,196)	5,196	8,930						
Title IIA	84.367A	S367A160029	NCLB-1560-03	7/1/16-6/30/17	18,787			5,196	(5,196)	18,787	23,983		(5,196)		(5,196)	
Total U.S. Department of Education - Special Revenue Fund																
						(94,088)	33,798				258,041	252,789	8	(81,090)	26,060	(74,681)
Total Federal Financial Awards																
						\$ (95,369)	\$ 36,196	\$ -	\$ -	\$ -	\$ 309,810	\$ 304,251	\$ 8	\$ (83,523)	\$ 29,917	\$ (77,114)

Note (1) - To reclassify prior year cash receipts and cash disbursements and adjust ending balance at 6/30/2017

This schedule was not subject to Single Audit in accordance with U.S. Uniform Guidance.

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

FRANKFORD TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2016		Balance at June 30, 2017					Memo		
				(Accounts Receivable)	Unearned Revenue	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures	
<b>State Department of Education</b>													
<b>General Fund</b>													
Special Educational Categorical Aid	16-495-034-5120-089	\$ 304,588	7/1/15-6/30/16	\$ (30,456)		\$ 30,456							
Special Educational Categorical Aid	17-495-034-5120-089	308,643	7/1/16-6/30/17			277,782	\$ 308,643	\$ (30,861)				\$	308,643
Adjustment Aid	16-495-034-5120-085	1,346,579	7/1/15-6/30/16	(134,645)		134,645							
Adjustment Aid	17-495-034-5120-085	1,346,220	7/1/16-6/30/17			1,211,611	1,346,220	(134,609)					1,346,220
Security Aid	16-495-034-5120-084	42,195	7/1/15-6/30/16	(4,219)		4,219							
Security Aid	17-495-034-5120-084	42,394	7/1/16-6/30/17			38,155	42,394	(4,239)					42,394
Equalization Aid	17-495-034-5120-078	1,133	7/1/16-6/30/17			1,019	1,133	(114)					1,133
Professional Learning Community Aid	17-495-034-5120-101	5,040	7/1/16-6/30/17			4,537	5,040	(503)					5,040
PARCC Readiness	16-495-034-5120-098	4,960	7/1/15-6/30/16	(496)		496							
PARCC Readiness	17-495-034-5120-098	4,960	7/1/16-6/30/17			4,464	4,960	(496)					4,960
Per Pupil Growth Aid	16-495-034-5120-097	4,960	7/1/15-6/30/16	(496)		496							
Per Pupil Growth Aid	17-495-034-5120-097	4,960	7/1/16-6/30/17			4,464	4,960	(496)					4,960
Total State Aid - Public Cluster							1,713,350						1,713,350
Transportation Aid	16-495-034-5120-014	254,895	7/1/15-6/30/16	(25,487)		25,487							
Transportation Aid	17-495-034-5120-014	253,966	7/1/16-6/30/17			228,572	253,966	(25,394)					253,966
Additional NonPublic Transportation Aid	16-495-034-5120-014	4,821	7/1/15-6/30/16	(4,821)		4,821							
Additional NonPublic Transportation Aid	17-495-034-5120-014	2,958	7/1/16-6/30/17				2,958	(2,958)			\$	(2,958)	2,958
Total Transportation Aid Cluster							256,924						256,924
Extraordinary Aid	16-100-034-5120-044	60,861	7/1/15-6/30/16	(60,861)		60,861							
Extraordinary Aid	17-495-034-5120-044	121,315	7/1/16-6/30/17				121,315	(121,315)					121,315
TPAF Social Security Contrib.	17-495-034-5094-003	370,994	7/1/16-6/30/17			353,133	370,994	(17,861)				(17,861)	370,994
TPAF Social Security Contrib.	16-495-034-5094-003	365,023	7/1/15-6/30/16	(19,360)		19,360							
TPAF Pension - NCGI	17-495-034-5094-004	20,759	7/1/16-6/30/17			20,759							20,759
TPAF Pension - Normal Cost	17-495-034-5094-002	572,929	7/1/16-6/30/17			572,929							572,929
TPAF Pension - Long-Term Disability Insurance Contr.	17-495-034-5094-004	1,591	7/1/16-6/30/17			1,591							1,591
TPAF Pension PRM Contr.	17-495-034-5094-001	494,677	7/1/16-6/30/17			494,677							494,677
Total General Fund				(280,841)		3,494,534	3,552,539	(338,846)				(20,819)	3,552,539
<b>Capital Projects Fund</b>													
New Jersey Schools Development Authority													
Multi-Purpose Room HVAC Installation	1560-050-14-1001 G-04	59,798	7/1/13-6/30/14	(59,798)		59,798							
Total Capital Projects Fund				(59,798)		59,798							
<b>Enterprise Fund</b>													
Natl Sch. Lunch Prog (State Share)	16-100-010-3350-023	1,666	7/1/15-6/30/16	(60)		60							
Natl Sch. Lunch Prog (State Share)	17-100-010-3350-023	1,729	7/1/16-6/30/17			1,617	1,729	(112)				(112)	1,729
Total Enterprise Fund				(60)		1,677	1,729	(112)				(112)	1,729
Total State Financial Assistance Subject to Single Audit Determination				(340,699)		3,556,009	3,554,268	(338,958)				(20,931)	3,554,268
<b>State Financial Assistance Not Subject to Single Audit Determination</b>													
General Fund													
TPAF Pension - NCGI	17-495-034-5094-004	20,759	7/1/16-6/30/17			(20,759)	(20,759)						(20,759)
TPAF Pension - Normal Cost	17-495-034-5094-002	572,929	7/1/16-6/30/17			(572,929)	(572,929)						(572,929)
TPAF Pension - Long-Term Disability Insurance Contr.	17-495-034-5094-004	1,591	7/1/16-6/30/17			(1,591)	(1,591)						(1,591)
TPAF Pension PRM Contr.	17-495-034-5094-001	494,677	7/1/16-6/30/17			(494,677)	(494,677)						(494,677)
Total State Financial Assistance Subject to Major Program Determination				\$ (340,699)	\$ -	\$ 2,466,053	\$ 2,464,312	\$ (338,958)	\$ -	\$ -	\$ -	\$ (20,931)	\$ 2,464,312

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 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 a decrease of \$61,367 for the general fund and an increase of \$215 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		\$ 3,491,172	\$ 3,491,172
Special Revenue Fund	\$ 253,004		253,004
Food Service Fund	<u>51,462</u>	<u>1,729</u>	<u>53,191</u>
Total Financial Assistance	<u>\$ 304,466</u>	<u>\$ 3,492,901</u>	<u>\$ 3,797,367</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 \$370,994 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$593,688, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$494,677 and TPAF Long-Term Disability Insurance in the amount of \$1,591 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? \_\_\_\_\_ yes  X  no

2) Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

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

**Federal Awards Section - NOT APPLICABLE**

**State Awards Section**

Internal Control over major programs:

(1) Material weaknesses identified? \_\_\_\_\_ yes  X  no

(2) Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08? \_\_\_\_\_ yes  X  no

Identification of major state programs:

GMIS Number(s)	Name of State Program
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-078	Equalization Aid
17-495-034-5120-101	Professional Learning Community Aid
17-495-034-5120-085	Adjustment Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*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**

Not Applicable.

**CURRENT YEAR STATE AWARDS**

There are none.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.