

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Somerset, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Franklin Township Public Schools

Somerset, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

Business Office

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10
Certificate of Achievement for Excellent in Financial Reporting	11
FINANCIAL SECTION	
Independent Auditor's Report	12-14
Management's Discussion and Analysis	15-28
Basic Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Position	29
A-2 Statement of Activities	30-31
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	32-33
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	34
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	35
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	36
B-5 Statement of Revenues, Expenses, and Changes in Net Position	37
B-6 Statement of Cash Flows	38
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	39
B-8 Statement of Changes in Fiduciary Net Position	40
Notes to the Financial Statements	41-86
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	87-93
C-2 Budgetary Comparison Schedule – Special Revenue Fund	94
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	95

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	96
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	97
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	98
L-4	Notes to Required Supplementary Information – Net Pension Liability	99
L-5	Required Supplementary Information – Schedule of Changes in District’s Proportionate Share of Total OPEB Liability	100
L-6	Notes to Required Supplementary Information – OPEB Liability	101

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules (Not Applicable)

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	102-103
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis	104

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	105
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	106
F-2a – F-2n	Schedule of Project Revenues, Expenditures and Project Balances and Project Status – Budgetary Basis	107-119

G. Proprietary Funds

Enterprise Fund

G-1	Statement of Net Position (Not Applicable)	120
G-2	Statement of Revenues, Expenses and Changes in Net Position (Not Applicable)	120
G-3	Statement of Cash Flows (Not Applicable)	120

Internal Service Fund – Not Applicable

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS**

	<u>Page</u>
H. Fiduciary Funds	
H-1 Combining Statement of Agency Assets and Liabilities	121
H-2 Combining Statement of Changes in Net Position – Not Applicable	122
H-3 Student Activity Agency Fund Statement of Receipts and Disbursements	122
H-4 Payroll Agency Fund Statement of Receipts and Disbursements	123
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	124
I-2 Schedule of Obligations under Lease Purchase Agreements	125
I-3 Debt Service Fund Budgetary Comparison Schedule	126
J. STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	127
J-2 Changes in Net Position	128-129
J-3 Fund Balances – Governmental Funds	130
J-4 Changes in Fund Balances – Governmental Funds	131
J-5 General Fund Other Local Revenue by Source	132
Revenue Capacity	
J-6 Assessed Value and Actual Value of Taxable Property	133
J-7 Property Tax Rates	134
J-8 Principal Property Taxpayers	135
J-9 Property Tax Levies and Collections	136
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	137
J-11 Ratios of Net General Bonded Debt Outstanding	138
J-12 Direct and Overlapping Government Activities Debt	139
J-13 Legal Debt Margin Information	140
Demographic and Economic Information	
J-14 Demographic Statistics	141
J-15 Principal Employers	142
Operating Information	
J-16 Full Time Equivalent District Employees by Function/Program	143
J-17 Operating Statistics	144
J-18 School Building Information	145-146
J-19 Schedule of Required Maintenance for School Facilities	147
J-20 Schedule of Insurance	148-150

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS**

Page

K. SINGLE AUDIT SECTION

K-1	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	151-152
K-2	Report on Compliance for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08	153-155
K-3	Schedule of Expenditures of Federal Awards	156
K-4	Schedule of Expenditures of State Financial Assistance	157-158
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	159-160
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	161-152
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	163
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	164-165
K-8	Summary Schedule of Prior Year Findings	166

INTRODUCTORY SECTION

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
1755 AMWELL ROAD
SOMERSET, NEW JERSEY 08873

TELEPHONE
(732) 873-2400

FAX
(732) 873-8416

January 23, 2019

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

Dear Board Members and Constituents of Franklin Township:

The Comprehensive Annual Financial Report (CAFR) of the Franklin Township School District (District) for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

REPORTING ENTITY AND ITS SERVICES

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

The Franklin Township Public School District is a Pre-K-12 educational system, comprised of ten (10) schools, approximately 7,500 students, and approximately one thousand two hundred (1,200) staff. In addition, the budget supports approximately 844 Charter School Students. The district provides transportation services to 782 non-public students and aid-in-lieu payments to 391 non-public students.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The school district has plans to engage the services of an education consultant (fall of 2018) to conduct an enrollment projection. The consultant's report to the Board of Education will be kept on file with the District.

MAJOR BUILDING PROJECTS/RENOVATIONS 2017-18

The status of major capital projects and/or renovations for the 2017-2018 school year is as follows:

- Franklin High School – Completion of New Tennis Courts \$849,043
- Franklin High School – Completion of Paving \$199,820
- Sampson G Smith – Completion of Kitchen & Cafeteria Renovation \$824,820
- Sampson G Smith – Completed Partial Roof Replacement \$238,000
- Sampson G Smith—Completed Corridor Ceiling Replacement \$119,962
- Franklin Middle School- Completion of Parking Lot Paving \$1,082,113
- Franklin Park Annex –Completion of Parking Lot Paving \$142,450
- Sampson G Smith & Franklin Middle School Toilet Awarded Contract \$1,385,782

UPDATE ON REFERENDUM PROJECTS

The status of December 2014 referendum capital projects for 2017-2018 school year are as follows:

- Sampson G. Smith Additions and Renovations Contract - \$10,370,000-- In progress
 - Hillcrest Additions and Renovations Contract - \$2,073,000 – Completed
 - Elizabeth Avenue Additions and Renovations Contract - \$12,024,324 – In progress
 - Franklin Park School Covered Walkway Contract - \$369,413
 - Pine Grove Additions & Alterations Contract-- \$618,600 – Completed
 - Pine Grove Door Contract - \$161,702 – In progress
 - Hillcrest Additions & Alterations Contract -- \$2,132,931—Completed
 - Claremont Road Elementary School Contract -- \$37,124,575 In progress
 - Sampson G Smith Window Replacement Contract -- \$709,780 In progress
 - Hillcrest – MacAfee – Conerly Window Replacement Contract \$1,399,000 In Progress
-

MAJOR ACCOMPLISHMENTS

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

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

- Receiving the Future Ready Schools distinction in seven of the district's ten schools, an honor that indicates each school's clearly articulated vision for the strategic incorporation of technology in teaching and learning.
- Seeing two schools, SGS and FMS, taken off the NJDOE "Focus" status list as a result of strong leadership practices taking place among administrative and instructional staff members.
- Receiving an NJDOE Model Program designation for two outstanding programs in our district: English Language Learners and Fine, Visual, and Performing Arts.
- Being recognized by the Somerset County Educational Specialist for Franklin's use of the Instructional Rounds process. State officials from across New Jersey and several districts interested in learning more about this process have been granted access to our district leaders and instructional staff to learn more about the way we have been able to turn data gathered from the Rounds process into improved instruction and enhanced student learning.
- Being recognized by Junior Achievement of New Jersey that FTPS offers one of the most comprehensive K-12 financial literacy curricula in the state, due to its highly involved Junior Achievement program at FHS, which includes visits from high school students to all district schools in Grades K-8, for which they teach financial literacy lessons. This program also allows local and national business leaders to teach literacy lessons to our students. Not coincidentally, a number of our students have won prestigious national financial literacy contests.

- In 2018, the district has partnered with Equal Opportunity School (EOS) with the goal of increasing and diversifying enrollment in advanced level courses while maintaining achievement in those same courses.
- The district has been recognized in recent years for having been placed on the College Board's Annual AP District Honor Roll for increasing access to Advanced Placement courses for a broader number of students while simultaneously maintaining or improving the rate at which the AP students earned scores of 3 or higher on AP exams, however the district firmly believes their work with EOS will further accomplishment in this area.
- Reinstating and expanding a rigorous Gifted and Talented program for our students, with plans for further diversifying enrollment in GATE courses during 2018 - 2019.
- Earning the designation of High Performing, according to the New Jersey Department of Education QSAC criteria.
- For SY 2018-2019, PEA and PEEA Grants totaling \$3,441,152 (PEA) and \$510,796 (PEEA) -- this allowed the district to open up four additional PK classrooms and add two more master teachers, affording the district a total of three master teachers.

Special congratulations to the nine teachers selected as recipients of the Franklin Township Teacher of the Year Recognition Award. The recipients for 2018-2019 are

Courtney Collins	Franklin Park
Jodi Dawson	Pine Grove Manor
Tara Brocco	Elizabeth Avenue
Jean Magyar	Conerly Road
Marisa Saucedo	MacAfee Road
Karen Merlini	Hillcrest
Jill Santoni	Sampson G. Smith
Holly Harris-Vadell	Franklin Middle
Linda Puglio	Franklin High School

ANNUAL STANDARDIZED TESTING REPORT

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

Under the Federal requirements of ESSA, our district administers State assessments in grades 3, 4, 5, 6, 7 and 8 (NJ Assessment of Skills and Knowledge) and 11 (High School Proficiency Assessment) as well as grade 4 & 8 (NJ Assessment of Skills and Knowledge Science) and the New Jersey Biology Competency Test. The test results are disaggregated by the following indicators: total population, students with disabilities, limited English proficient, economically disadvantaged, as well as ethnic subgroups.

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

During the spring of 2018, Franklin Township administered the Partnership for Assessment of Readiness for College and Careers (PARCC) to grades 3-11. Students participated in the two part online assessments. The district was well prepared for the assessment and was well supported through the technology department. Franklin Township Public Schools issues an annual test report based on academic assessments of all students in testing years (grades 3-8, 11).

RELEVANT FINANCIAL POLICIES

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

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

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

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

LONG-TERM FINANCIAL PLANNING

Each year, as part of the annual budget development process, the administration sets forth the District's statement of priorities. This statement is used to document a District's initiatives, goals and priorities and how they relate to the budget process. The goals presented often balance fiscal and program issues. Franklin Township embraces its diversity, fosters excellent educational innovation and empowers all students to achieve their highest level potential.

The following 2017—18 Budget Goals were adopted by the Board and used to guide the budget development process:

1. To support district programs the Board will utilize it's 2% spending growth adjustment, State Department of Education authorized budgetary spending growth adjustments and banked cap.
2. Anticipate the utilization of any unspent 2016-2017 general fund budget to be allocated to supplement the referendum budget.
3. Budget for high quality professional development for all staff to support academic programs, and identify through the budget process appropriate professional development facilities.
4. Budget to support and expend extra-curricular offerings, enrichment activities, gifted/talented programs, and technology access to support 21st century skill development and college/career readiness.
5. Budget to support the restructuring and rezoning of the district, as well as enhanced communication efforts.
6. Budget additional resources and utilize current capital reserve funds to target facilities revitalization.
7. Budget to expand efforts to protect all district students, staff, and property.

After State approval of the proposed budget, on April 26, 2018 the Board unanimously adopted the 2018-19 budget. The General Fund Tax Levy increased by 3.83% and the total operating budget increased by 4%. The Debt Service Budget decreased by -0.75% due to repayment of debt.

INDEPENDENT AUDIT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Franklin Township School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This is the twenty-first consecutive year that the District received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

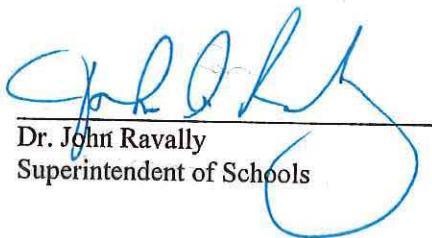
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal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

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

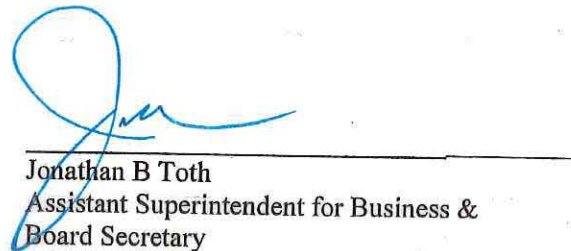
ACKNOWLEDGEMENTS

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

Respectfully submitted,

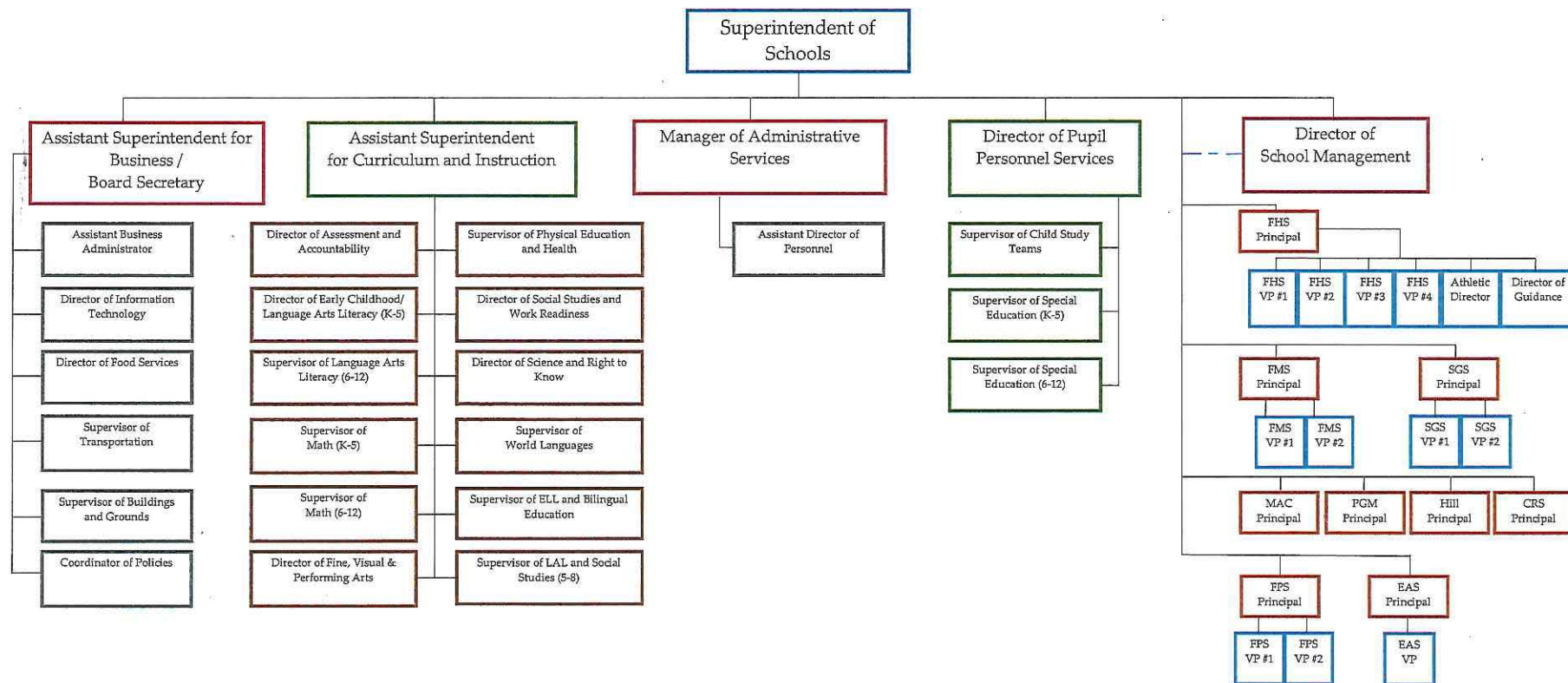


Dr. John Ravally
Superintendent of Schools



Jonathan B Toth
Assistant Superintendent for Business &
Board Secretary

Franklin Township Administrative Organizational Chart



**ROSTER OF OFFICIALS
June 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nancy LaCorte, President	2019
Nishita Desai	2020
Christine Danielsen	2019
Laurie Merris	2018
Richard Seamon	2018
Ardaman Singh	2019
Michael Smith	2020
Margaret Steele	2018
Michelle Shelton	2020

Other Officials

Dr. John Ravally, Superintendent of Schools
Jonathan Toth, Asst. Supt. for Business/Board Secretary
Kim M. Esterman, Treasurer

FRANKLIN TOWNSHIP PUBLIC SCHOOLS

CONSULTANTS AND ADVISORS

Architect

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

Audit Firm

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

Attorneys

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

Capehart & Scatchard, P.A.
8000 Midlantic Drive, Suite 300S
P.O. Box 5016
Mount Laurel, NJ 08054-5016

Official Depositories

TD Bank
3221 Route 27
Franklin Park, NJ 08823

First Bank
225 Demott Lane
Somerset, NJ 08873



Government Finance Officers Association

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

Presented to

**Franklin Township Public Schools
New Jersey**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2018 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 Franklin Township Public Schools as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Franklin Township Public Schools adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2019 on our consideration of the Franklin Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin Township Public Schools' internal control over financial reporting and compliance.



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



Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
January 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

This section of the Franklin Township Public Schools' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year include the following:

- The assets and deferred outflows of resources of the Franklin Township Public Schools exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$31,891,484 (net position).
- Overall revenues were \$215,074,335. General revenues accounted for \$147,879,192 or 69% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$67,195,143 or 31% of total revenues.
- The school district had \$204,715,946 in expenses for governmental activities; only \$62,670,698 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$147,864,887 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$39,652,937.
- The General Fund fund balance at June 30, 2018 was \$19,764,072 an increase of \$2,254,817 when compared with the beginning balance at July 1, 2017 of \$17,509,255.

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

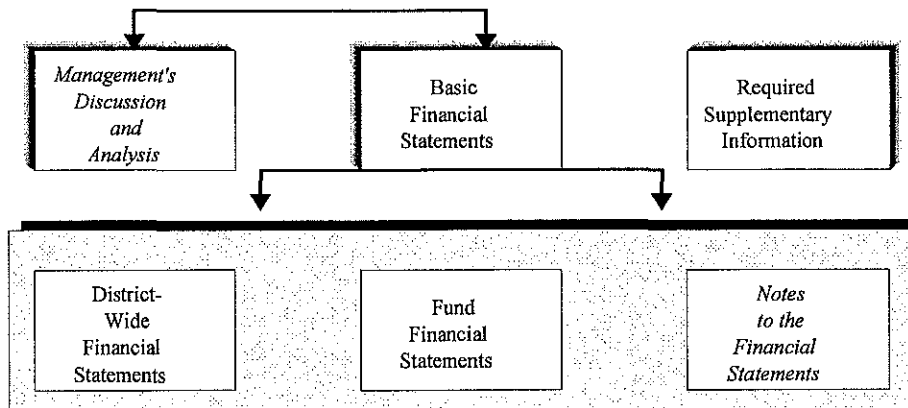
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Financial Statements

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

District-Wide Financial Statements (continued)

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Fund Financial Statements (continued)

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

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

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

Notes to the Financial Statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,891,484 and \$25,559,379 as of June 30, 2018 and June 30, 2017, respectively.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

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

Net Position						
June 30, 2018 and 2017						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current Assets	\$ 43,180,818	\$ 82,397,193	\$ 2,375,622	\$ 2,135,854	\$ 45,556,440	\$ 84,533,047
Capital Assets, Net	<u>147,248,545</u>	<u>110,603,593</u>	<u>805,981</u>	<u>814,088</u>	<u>148,054,526</u>	<u>111,417,681</u>
Total Assets	<u>190,429,363</u>	<u>193,000,786</u>	<u>3,181,603</u>	<u>2,949,942</u>	<u>193,610,966</u>	<u>195,950,728</u>
Deferred Amounts on Refunding of Debt	1,115,472	1,342,997	-	-	1,115,472	1,342,997
Deferred Amounts on Net Pension Liability	<u>12,411,088</u>	<u>16,424,344</u>	<u>737,953</u>	<u>1,126,145</u>	<u>13,149,041</u>	<u>17,550,489</u>
Total Deferred Outflows of Resources	<u>13,526,560</u>	<u>17,767,341</u>	<u>737,953</u>	<u>1,126,145</u>	<u>14,264,513</u>	<u>18,893,486</u>
Total Assets and Deferred Outflows of Resources	<u>203,955,923</u>	<u>210,768,127</u>	<u>3,919,556</u>	<u>4,076,087</u>	<u>207,875,479</u>	<u>214,844,214</u>
Long-Term Liabilities	156,392,913	173,958,652	2,904,867	4,142,059	159,297,780	178,100,711
Other Liabilities	<u>4,835,167</u>	<u>9,401,078</u>	<u>237,245</u>	<u>220,979</u>	<u>5,072,412</u>	<u>9,622,057</u>
Total Liabilities	<u>161,228,080</u>	<u>183,359,730</u>	<u>3,142,112</u>	<u>4,363,038</u>	<u>164,370,192</u>	<u>187,722,768</u>
Deferred Commodities Revenue			17,346	17,101	17,346	17,101
Deferred Amounts on Net Pension Liability	<u>10,945,638</u>	<u>1,445,831</u>	<u>650,819</u>	<u>99,135</u>	<u>11,596,457</u>	<u>1,544,966</u>
Total Deferred Inflows of Resources	<u>10,945,638</u>	<u>1,445,831</u>	<u>668,165</u>	<u>116,236</u>	<u>11,613,803</u>	<u>1,562,067</u>
Total Liabilities and Deferred Inflows of Resources	<u>172,173,718</u>	<u>184,805,561</u>	<u>3,810,277</u>	<u>4,479,274</u>	<u>175,983,995</u>	<u>189,284,835</u>
Net Investment in Capital Assets	62,613,681	51,827,177	805,981	814,088	63,419,662	52,641,265
Restricted	15,455,281	22,615,513			15,455,281	22,615,513
Unrestricted	<u>(46,286,757)</u>	<u>(48,480,124)</u>	<u>(696,702)</u>	<u>(1,217,275)</u>	<u>(46,983,459)</u>	<u>(49,697,399)</u>
Total Net Position	<u>\$ 31,782,205</u>	<u>\$ 25,962,566</u>	<u>\$ 109,279</u>	<u>\$ (403,187)</u>	<u>\$ 31,891,484</u>	<u>\$ 25,559,379</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 499,303	\$ 540,675	\$ 2,002,488	\$ 2,205,506	\$ 2,501,791	\$ 2,746,181
Operating Grants and Contributions	61,786,833	55,288,979	2,521,957	2,677,555	64,308,790	57,966,534
Capital Grants and Contributions	384,562	833,578			384,562	833,578
General Revenues						
Property Taxes	140,549,336	138,027,919			140,549,336	138,027,919
State Aid	6,162,208	6,118,413			6,162,208	6,118,413
Other	1,153,343	1,283,672	14,305	4,792	1,167,648	1,288,464
Total Revenues	<u>210,535,585</u>	<u>202,093,236</u>	<u>4,538,750</u>	<u>4,887,853</u>	<u>215,074,335</u>	<u>206,981,089</u>
Expenses						
Instruction						
Regular	82,444,687	78,178,024			82,444,687	78,178,024
Special Education	32,967,859	32,394,349			32,967,859	32,394,349
Vocational Education-Tuition	213,482	207,875			213,482	207,875
School Sponsored Activities and Athletics	2,591,286	2,576,267			2,591,286	2,576,267
Other Instruction	8,350,055	8,437,515			8,350,055	8,437,515
Support Services						
Student and Instruction Related Services	25,286,241	23,648,296			25,286,241	23,648,296
School Administrative Services	9,386,829	9,044,353			9,386,829	9,044,353
General Administrative Services	2,959,436	2,602,963			2,959,436	2,602,963
Plant Operations and Maintenance	18,678,318	17,727,151			18,678,318	17,727,151
Pupil Transportation	14,050,861	14,113,143			14,050,861	14,113,143
Business and Other Support Services	4,328,175	3,962,167			4,328,175	3,962,167
Interest on Long-Term Debt	3,458,717	3,765,864			3,458,717	3,765,864
Food Service			3,207,689	3,679,443	3,207,689	3,679,443
Other-Business Activities	-	-	818,595	789,480	818,595	789,480
Total Expenses	<u>204,715,946</u>	<u>196,657,967</u>	<u>4,026,284</u>	<u>4,468,923</u>	<u>208,742,230</u>	<u>201,126,890</u>
Increase/(Decrease) in Net Position						
Before Transfers	5,819,639	5,435,269	512,466	418,930	6,332,105	5,854,199
Transfers	-	179,150	-	(179,150)	-	-
Change in Net Position	5,819,639	5,614,419	512,466	239,780	6,332,105	5,854,199
Net Position, Beginning of Year	<u>25,962,566</u>	<u>20,348,147</u>	<u>(403,187)</u>	<u>(642,967)</u>	<u>25,559,379</u>	<u>19,705,180</u>
Net Position, End of Year	<u>\$ 31,782,205</u>	<u>\$ 25,962,566</u>	<u>\$ 109,279</u>	<u>\$ (403,187)</u>	<u>\$ 31,891,484</u>	<u>\$ 25,559,379</u>

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

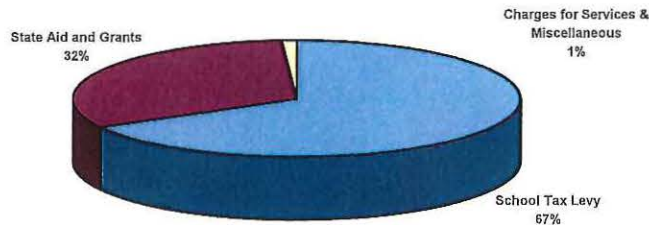
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$210,535,585 and \$202,093,236 for the fiscal years ended June 30, 2018 and June 30, 2017, respectively. Property taxes of \$140,549,336 and \$138,027,919 represented 67% and 68% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$67,949,041 and \$61,407,392 which was represented 32% and 30% of the revenues for fiscal years ended June 30, 2018 and 2017, respectively. The significant increase in this revenue type is attributable to the adjustment to the On-Behalf other post-employment benefit (OPEB) contribution to recognize the actuarially determined amount that should have been contributed on behalf of the District. This adjustment which affects both the revenues and expenses of the governmental activities was \$12,295,029 for the fiscal year ended June 30, 2018 compared to \$0 for the fiscal year ended June 30, 2017. The District also had \$384,562 and \$833,578 of capital grants and contributions for the fiscal years ended June 30, 2018 and 2017, respectively. The balance of revenues for fiscal year June 30, 2018 and 2017, respectively is charges for transportation services (\$22,000 and \$4,041), charges for tuition (\$454,345 and \$501,492), charges for rentals (\$22,958 and \$35,142) and miscellaneous income (\$1,153,343 and \$1,283,672) which includes items such as investment earnings, prior year refunds, etc.

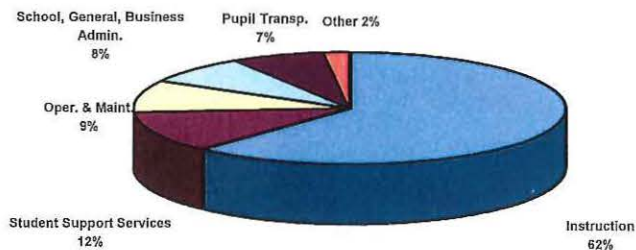
The total cost of all governmental activities programs and services was \$204,715,946 and \$196,657,967. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$126,567,369 and \$121,794,030 (62% and 62%) of total expenses, respectively. Student and Instruction Related Services totaled \$25,286,241 and \$23,648,296 or (12% and 12%) of total expenses. Plant operations and maintenance services totaled \$18,678,318 and \$17,727,151 (9% and 9%) of total expenses. Pupil Transportation total \$14,050,861 and \$14,113,143 or (7% and 7%) of total expenses. Administrative services were \$16,674,440 and \$15,609,483 or (8% and 8%) of total expenses. Interest on Long-Term Debt totaled \$3,458,717 and \$3,765,864 or (2% and 2%) of total expenses.

Total governmental activities revenues exceeded expenses resulting in net position increasing \$5,819,639 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2018



Expenses by Type- Governmental Activities
For Fiscal Year 2018



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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Total and Net Cost of Governmental Activities. The District's total cost of services was \$204,715,946 and \$196,657,967 for the fiscal years ended June 30, 2018 and 2017. After applying program revenues, derived from charges for services of \$499,303 and \$540,675, and operating grants and contributions of \$61,786,833 and \$55,288,979, and capital grants and contributions of \$384,562 and \$833,578, the net cost of services of the District is \$142,045,248 and \$139,994,735, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 82,444,687	\$ 78,178,024	\$ 53,347,785	\$ 50,460,137
Special Education	32,967,859	32,394,349	15,879,064	16,237,970
Vocational Education-Tuition	213,482	207,875	213,482	207,875
School Sponsored Activities and Athletics	2,591,286	2,576,267	1,660,533	1,689,634
Other Instruction	8,350,055	8,437,515	4,981,106	5,280,473
Support Services				
Student and Instruction Related Services	25,286,241	23,648,296	21,197,997	21,130,742
School Administrative Services	9,386,829	9,044,353	6,817,949	6,968,843
General Administrative Services	2,959,436	2,602,963	2,850,398	2,602,963
Plant Operations and Maintenance	18,678,318	17,727,151	15,680,367	15,269,145
Pupil Transportation	14,050,861	14,113,143	12,706,794	13,003,810
Business and Other Support Services	4,328,175	3,962,167	3,723,480	3,962,167
Interest on Long-Term Debt	<u>3,458,717</u>	<u>3,765,864</u>	<u>2,986,293</u>	<u>3,180,976</u>
Total	<u>\$ 204,715,946</u>	<u>\$ 196,657,967</u>	<u>\$ 142,045,248</u>	<u>\$ 139,994,735</u>

Business-Type Activities – The District's total business-type activities revenues were \$4,538,750 and \$4,887,853 for the fiscal years ended June 30, 2018 and 2017, respectively. Charges for services accounted for 44% and 45% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,521,957 and \$2,677,555 accounted for 56% and 55% of total revenue for each of the fiscal years. The balance of the revenues, \$14,305 and \$4,792, respectively represents investment earnings.

The total cost of all business-type activities programs and services was \$4,026,284 and \$4,468,923 for the fiscal years ended June 30, 2018 and 2017. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the C.A.R.E. program within the District.

Total business-type activities revenues exceeded expenses increasing net position by \$512,466 over the last year.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2018, its governmental funds reported a combined fund balance of \$39,652,937. At June 30, 2017, the fund balance was \$74,442,878. The decrease in fund balance was attributable to the expenditures incurred for the District's referendum projects.

Revenues and other financing sources (net) for the District's governmental funds were \$181,908,533, while total expenditures were \$216,698,474 thereby decreasing fund balance by \$34,789,941 for the fiscal year ended June 30, 2018.

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent <u>Change</u>
Local Sources				
Property Tax Levy	\$ 132,453,496	\$ 129,856,369	\$ 2,597,127	2%
Interest	248,339	109,925	138,414	126%
State/Federal Sources	32,938,806	29,767,248	3,171,558	11%
Miscellaneous	<u>1,134,701</u>	<u>1,217,023</u>	<u>(82,322)</u>	-7%
 Total General Fund Revenues	 <u>\$ 166,775,342</u>	 <u>\$ 160,950,565</u>	 <u>\$ 5,824,777</u>	 4%

Total General Fund Revenues increased by \$5,824,777 or 4% over the previous year.

Local property taxes increased 2% over the previous year. State and federal aid revenues increased \$3,171,558 or 11% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

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

Miscellaneous revenues decreased due to onetime revenues such as cancellation of prior year payables and refunds on prior year expenditures received in fiscal year end June 30, 2018 compared to the previous year.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 96,820,954	\$ 92,727,846	\$ 4,093,108	4%
Support and Undistributed Services	62,631,653	60,341,242	2,290,411	4%
Capital Outlay	1,029,881	1,382,967	(353,086)	-26%
Debt Service	<u>582,526</u>	<u>1,385,006</u>	<u>(802,480)</u>	-58%
Total Expenditures	<u>\$ 161,065,014</u>	<u>\$ 155,837,061</u>	<u>\$ 5,227,953</u>	3%

Total General Fund expenditures increased \$5,227,953 or 3% from the previous year.

In 2017-2018, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,254,817. As a result, total fund balance increased to \$19,764,072 at June 30, 2018. After deducting transfers and reserves, the unrestricted, unassigned fund balance increased from \$580,418 at June 30, 2017 to a balance of \$813,838 at June 30, 2018.

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

Revenues of the Special Revenue Fund were \$5,669,374 for the year ended June 30, 2018. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 58% of the total revenue for the year.

Total Special Revenue Fund revenues decreased \$156,492 or 3% from the previous year. State sources increased \$425,276 or 22% and Federal sources decreased \$133,981 or 4%. Local sources decreased \$447,787. There was also a transfer of \$338,697 from the general operating fund budget for the fiscal year ended June 30, 2018. This was to fund the inclusion of pre-kindergarten students.

Expenditures of the Special Revenue Fund were \$6,008,071. Instructional expenditures were \$5,849,722 or 97%. Expenditures for the support services were \$155,768 or 2% of total expended for the year ended June 30, 2018. The balance of expenditures, \$2,581 was for capital outlay.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Capital Projects - The capital projects revenues and other financing sources were less than expenditures and other financing uses by \$37,038,721 decreasing fund balance to \$19,685,840 at June 30, 2018. The decrease is primarily due to the expenditure of funds related to the referendum projects as well as various other capital projects.

Proprietary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$148,054,526 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, construction in progress, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2017-2018 amounted to \$3,068,442 for governmental activities and \$49,831 for business-type activities.

Capital Assets at June 30, 2018 and 2017
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 832,000	\$ 832,000			\$ 832,000	\$ 832,000
Construction in Progress	72,468,901	34,034,176			72,468,901	34,034,176
Improvements Other Than Buildings	2,923,095	3,001,864			2,923,095	3,001,864
Building and Building Improvements	64,969,257	66,945,369			64,969,257	66,945,369
Machinery and Equipment	<u>6,055,292</u>	<u>5,790,184</u>	<u>\$ 805,981</u>	<u>\$ 814,088</u>	<u>6,861,273</u>	<u>6,604,272</u>
Total Capital Assets, Net	<u>\$ 147,248,545</u>	<u>\$ 110,603,593</u>	<u>\$ 805,981</u>	<u>\$ 814,088</u>	<u>\$ 148,054,526</u>	<u>\$ 111,417,681</u>

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

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$2,056,849, claims and judgments payable of \$639,018; bonds payable, including unamortized premium, of \$97,833,243, lease purchase agreements payable of \$7,009,000, and net pension liability of \$48,854,803. The District's long-term liabilities for the business-type activities consisted of net pension liability of \$2,904,867.

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-2019 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 38,841,947	\$ 2,563,914	\$ 41,405,861
Receivables, net	3,662,095	219,219	3,881,314
Inventory		61,062	61,062
Internal Balances	468,573	(468,573)	
Prepaid Items	12,200		12,200
Restricted Cash with Fiscal Agents	196,003		196,003
Capital Assets			
Not Being Depreciated	73,300,901		73,300,901
Being Depreciated, Net	<u>73,947,644</u>	<u>805,981</u>	<u>74,753,625</u>
Total Assets	<u>190,429,363</u>	<u>3,181,603</u>	<u>193,610,966</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	1,115,472		1,115,472
Deferred Amounts on Net Pension Liability	<u>12,411,088</u>	<u>737,953</u>	<u>13,149,041</u>
Total Deferred Outflows of Resources	<u>13,526,560</u>	<u>737,953</u>	<u>14,264,513</u>
Total Assets and Deferred Outflows of Resources	<u>203,955,923</u>	<u>3,919,556</u>	<u>207,875,479</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,574,795	181,255	1,756,050
Payable to Governments	63,541		63,541
Accrued Interest Payable	1,307,286		1,307,286
Unearned Revenue	1,889,545	55,990	1,945,535
Noncurrent Liabilities			
Due Within One Year	6,178,000		6,178,000
Due Beyond One Year	<u>150,214,913</u>	<u>2,904,867</u>	<u>153,119,780</u>
Total Liabilities	<u>161,228,080</u>	<u>3,142,112</u>	<u>164,370,192</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		17,346	17,346
Deferred Amounts on Net Pension Liability	<u>10,945,638</u>	<u>650,819</u>	<u>11,596,457</u>
Total Deferred Inflows of Resources	<u>10,945,638</u>	<u>668,165</u>	<u>11,613,803</u>
Total Liabilities and Deferred Inflows of Resources	<u>172,173,718</u>	<u>3,810,277</u>	<u>175,983,995</u>
NET POSITION			
Net Investment in Capital Assets	62,613,681	805,981	63,419,662
Restricted for			
Capital Projects	14,243,441		14,243,441
Other	1,005,315		1,005,315
Debt Service	206,525		206,525
Unrestricted	<u>(46,286,757)</u>	<u>(696,702)</u>	<u>(46,983,459)</u>
Total Net Position	<u>\$ 31,782,205</u>	<u>\$ 109,279</u>	<u>\$ 31,891,484</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 82,444,687	\$ 45,318	\$ 29,051,584		\$ (53,347,785)		\$ (53,347,785)
Special Education	32,967,859	409,027	16,679,768		(15,879,064)		(15,879,064)
Vocational Education- Tuition	213,482				(213,482)		(213,482)
School Sponsored Activities and Athletics	2,591,286		930,753		(1,660,533)		(1,660,533)
Other Instruction	8,350,055		3,368,949		(4,981,106)		(4,981,106)
Support Services							
Student & Instruction Related Services	25,286,241		4,085,663	\$ 2,581	(21,197,997)		(21,197,997)
School Administrative Services	9,386,829		2,568,880		(6,817,949)		(6,817,949)
General Administrative Services	2,959,436		109,038		(2,850,398)		(2,850,398)
Plant Operations and Maintenance	18,678,318	22,958	2,821,470	153,523	(15,680,367)		(15,680,367)
Pupil Transportation	14,050,861	22,000	1,322,067		(12,706,794)		(12,706,794)
Business/Central & Other Support Services	4,328,175		376,237	228,458	(3,723,480)		(3,723,480)
Interest on Long-Term Debt	3,458,717	-	472,424	-	(2,986,293)		(2,986,293)
Total Governmental Activities	<u>204,715,946</u>	<u>499,303</u>	<u>61,786,833</u>	<u>384,562</u>	<u>(142,045,248)</u>	<u>-</u>	<u>(142,045,248)</u>
Business-Type Activities							
Food Service	3,207,689	1,214,783	2,521,957			\$ 529,051	529,051
C.A.R.E.	818,595	787,705	-	-	-	(30,890)	(30,890)
Total Business-Type Activities	<u>4,026,284</u>	<u>2,002,488</u>	<u>2,521,957</u>	<u>-</u>	<u>-</u>	<u>498,161</u>	<u>498,161</u>
Total Primary Government	<u>\$ 208,742,230</u>	<u>\$ 2,501,791</u>	<u>\$ 64,308,790</u>	<u>\$ 384,562</u>	<u>(142,045,248)</u>	<u>498,161</u>	<u>(141,547,087)</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried forward)	\$ (142,045,248)	\$ 498,161	\$ (141,547,087)
General Revenues			
Property Taxes			
Property Taxes, Levied for General Purposes	132,453,496		132,453,496
Taxes Levied for Debt Service	8,095,840		8,095,840
State Aid Unrestricted	6,162,208		6,162,208
Investment Earnings	517,945	14,305	532,250
Miscellaneous Income	635,398	-	635,398
 Total General Revenues	 147,864,887	 14,305	 147,879,192
 Change in Net Position	 5,819,639	 512,466	 6,332,105
Net Position, Beginning of Year	25,962,566	(403,187)	25,559,379
Net Position, End of Year	\$ 31,782,205	\$ 109,279	\$ 31,891,484

FUND FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 19,273,590	\$ 581,534	\$ 18,783,798	\$ 203,025	\$ 38,841,947
Due from Other Funds	736,072				736,072
Receivables from Other Governments	687,383	499,073	2,308,966		3,495,422
Other Receivables	128,055	38,618			166,673
Prepaid Items	12,200				12,200
Restricted Cash with Fiscal Agents	123,000	-	73,003	-	196,003
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 20,960,300</u>	<u>\$ 1,119,225</u>	<u>\$ 21,165,767</u>	<u>\$ 203,025</u>	<u>\$ 43,448,317</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 857,585	\$ 253,180	\$ 135,387		\$ 1,246,152
Accrued Liability for Insurance Claims	328,643				328,643
Due to Other Funds			267,499		267,499
Payable to State Government		63,316			63,316
Payable to Federal Government		225			225
Unearned Revenue	10,000	802,504	1,077,041	-	1,889,545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,196,228</u>	<u>1,119,225</u>	<u>1,479,927</u>	<u>-</u>	<u>3,795,380</u>
Fund Balances					
Nonspendable					
Prepaid Item	12,200				12,200
Restricted					
Excess Surplus	1,900,000				1,900,000
Excess Surplus- Designated for					
Subsequent Year's Expenditures (2018/19 Budget)	1,793,477				1,793,477
Capital Reserve	7,384,538				7,384,538
Capital Reserve-Designated for					
Subsequent Year's Expenditures (2018/19 Budget)	5,328,500				5,328,500
Maintenance Reserve	1,005,315				1,005,315
Capital Projects			19,682,340		19,682,340
Debt Service			3,500	\$ 203,025	206,525
Committed					
Purchases on Order	694,066				694,066
Assigned					
Purchases on Order	253,807				253,807
Designated for Subsequent Year's Expenditures	578,331				578,331
Unassigned					
General Fund	813,838	-	-	-	813,838
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>19,764,072</u>	<u>-</u>	<u>19,685,840</u>	<u>203,025</u>	<u>39,652,937</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 20,960,300</u>	<u>\$ 1,119,225</u>	<u>\$ 21,165,767</u>	<u>\$ 203,025</u>	<u>\$ 43,448,317</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balance (Exhibit B-1)	\$ 39,652,937
 Amounts reported for <i>governmental activities</i> 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 \$201,319,513 and the accumulated depreciation is \$54,070,968.	147,248,545
The District has financed capital assets through the issuance of serial bonds and capital lease/lease purchase obligations. The interest accrual at year end is:	(1,307,286)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.	1,115,472
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2A)	(156,392,913)
 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	\$ 12,411,088
Deferred Inflows of Resources	<u>(10,945,638)</u>
	<u>1,465,450</u>
 Net Position of Governmental Activities (Exhibit A-1)	 <u>\$ 31,782,205</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 132,453,496			\$ 8,095,840	\$ 140,549,336
Interest	248,339		\$ 269,606		517,945
Tuition	454,345				454,345
Transportation Fees	22,000				22,000
Miscellaneous	658,356	\$ 12,965	-	-	671,321
Total - Local Sources	133,836,536	12,965	269,606	8,095,840	142,214,947
State Sources	32,754,844	2,346,138	153,523	944,848	36,199,353
Federal Sources	183,962	3,310,271	-	-	3,494,233
Total Revenues	166,775,342	5,669,374	423,129	9,040,688	181,908,533
EXPENDITURES					
Current					
Regular Instruction	62,041,653	4,412,102			66,453,755
Special Education Instruction	26,163,815	1,437,620			27,601,435
Vocational Education Instruction- Tuition	213,482				213,482
Other Instruction	6,360,406				6,360,406
School-Sponsored Activities and Athletics	2,041,598				2,041,598
Support Services					
Student and Instruction Related Services	21,232,799	155,768			21,388,567
School Administrative Services	7,439,705				7,439,705
General Administrative Services	2,731,384				2,731,384
Plant Operations and Maintenance	14,352,467		2,126,190		16,478,657
Pupil Transportation	13,245,003				13,245,003
Business Central Services	3,630,295				3,630,295
Debt Service					
Principal	220,000			5,695,000	5,915,000
Interest and Other Charges	362,526			3,351,725	3,714,251
Capital Outlay	1,029,881	2,581	38,452,474	-	39,484,936
Total Expenditures	161,065,014	6,008,071	40,578,664	9,046,725	216,698,474
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,710,328	(338,697)	(40,155,535)	(6,037)	(34,789,941)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,385,666	338,697	4,502,480	-	6,226,843
Transfers Out	(4,841,177)	-	(1,385,666)	-	(6,226,843)
Total Other Financing Sources and Uses	(3,455,511)	338,697	3,116,814	-	-
Net Change in Fund Balances	2,254,817	-	(37,038,721)	(6,037)	(34,789,941)
Fund Balance, Beginning of Year	17,509,255	-	56,724,561	209,062	74,442,878
Fund Balance, End of Year	\$ 19,764,072	\$ -	\$ 19,685,840	\$ 203,025	\$ 39,652,937

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (34,789,941)**

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

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

Capital Outlay	\$	39,484,936	
Donated Assets		228,458	
Depreciation Expense		<u>(3,068,442)</u>	
			36,644,952

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

Net Increase in Compensated Absences		(130,175)	
Net Increase in Claims and Judgements for Self-Insurance		(118,024)	
Increase in Governmental Activities Pension Expense		<u>(1,957,707)</u>	
			(2,205,906)

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the net effect of these activities: (See Note 2B) 5,915,000

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

Amortization of Original Issue Premium		343,582	
Amortization of Deferred Amount on Refunding of Debt		<u>(227,525)</u>	

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

Decrease in Accrued Interest		<u>139,477</u>	
------------------------------	--	----------------	--

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 5,819,639**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,617,976	\$ 945,938	\$ 2,563,914
Intergovernmental Receivable			
State	3,614		3,614
Federal	215,605		215,605
Inventories	<u>61,062</u>	<u>-</u>	<u>61,062</u>
Total Current Assets	<u>1,898,257</u>	<u>945,938</u>	<u>2,844,195</u>
Capital Assets			
Equipment	1,682,927	50,780	1,733,707
Less: Accumulated Depreciation	<u>(876,946)</u>	<u>(50,780)</u>	<u>(927,726)</u>
Total Capital Assets, Net	<u>805,981</u>	<u>-</u>	<u>805,981</u>
Total Assets	<u>2,704,238</u>	<u>945,938</u>	<u>3,650,176</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>691,722</u>	<u>46,231</u>	<u>737,953</u>
Total Deferred Outflows of Resources	<u>691,722</u>	<u>46,231</u>	<u>737,953</u>
Total Assets and Deferred Outflows of Resources	<u>3,395,960</u>	<u>992,169</u>	<u>4,388,129</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	13,775	34,462	48,237
Deposits Payable		133,018	133,018
Unearned Revenue	55,990	-	55,990
Due to Other Funds	<u>151,075</u>	<u>317,498</u>	<u>468,573</u>
Total Current Liabilities	<u>220,840</u>	<u>484,978</u>	<u>705,818</u>
Long Term Liabilities			
Net Pension Liability	<u>2,722,883</u>	<u>181,984</u>	<u>2,904,867</u>
Total Long Term Liabilities	<u>2,722,883</u>	<u>181,984</u>	<u>2,904,867</u>
Total Liabilities	<u>2,943,723</u>	<u>666,962</u>	<u>3,610,685</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	17,346	-	17,346
Deferred Amounts on Net Pension Liability	<u>610,046</u>	<u>40,773</u>	<u>650,819</u>
Total Deferred Inflows of Resources	<u>627,392</u>	<u>40,773</u>	<u>668,165</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,571,115</u>	<u>707,735</u>	<u>4,278,850</u>
NET POSITION			
Investment in Capital Assets	805,981	-	805,981
Unrestricted	<u>(981,136)</u>	<u>284,434</u>	<u>(696,702)</u>
Total Net Position	<u>\$ (175,155)</u>	<u>\$ 284,434</u>	<u>\$ 109,279</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales- Reimbursable Programs	\$ 823,552		\$ 823,552
Daily Sales- Non-Reimbursable Programs	342,375		342,375
Special Functions	42,878		42,878
Program Fees		\$ 787,705	787,705
Miscellaneous	<u>5,978</u>	<u>-</u>	<u>5,978</u>
Total Operating Revenues	<u>1,214,783</u>	<u>787,705</u>	<u>2,002,488</u>
OPERATING EXPENSES			
Cost of Sales- Reimbursable Programs	1,376,020		1,376,020
Cost of Sales- Non-Reimbursable Programs	148,260		148,260
Salaries and Employee Benefits	1,318,469	749,599	2,068,068
Other Purchased Services	108,959	3,600	112,559
Supplies and Materials	112,200	10,150	122,350
Depreciation	44,753	5,078	49,831
Miscellaneous	<u>99,028</u>	<u>50,168</u>	<u>149,196</u>
Total Operating Expenses	<u>3,207,689</u>	<u>818,595</u>	<u>4,026,284</u>
Operating Income/(Loss)	<u>(1,992,906)</u>	<u>(30,890)</u>	<u>(2,023,796)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	38,180		38,180
Federal Sources			
National School Lunch Program	1,521,143		1,521,143
Breakfast Program	700,630		700,630
Food Distribution Program	262,004		262,004
Interest Earnings	<u>9,289</u>	<u>5,016</u>	<u>14,305</u>
Total Nonoperating Revenues	<u>2,531,246</u>	<u>5,016</u>	<u>2,536,262</u>
Change in Net Position	538,340	(25,874)	512,466
Net Position (Deficit), Beginning of Year	<u>(713,495)</u>	<u>310,308</u>	<u>(403,187)</u>
Net Position (Deficit), End of Year	<u>\$ (175,155)</u>	<u>\$ 284,434</u>	<u>\$ 109,279</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 1,193,703	\$ 787,705	\$ 1,981,408
Cash Payments for Registration Deposits		(50)	(50)
Cash Payments for Employees' Salaries and Benefits	(1,592,331)	(447,745)	(2,040,076)
Cash Payments to Suppliers for Goods and Services	<u>(1,599,307)</u>	<u>(27,775)</u>	<u>(1,627,082)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(1,997,935)</u>	<u>312,135</u>	<u>(1,685,800)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>2,167,553</u>	<u>-</u>	<u>2,167,553</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,167,553</u>	<u>-</u>	<u>2,167,553</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	<u>(41,724)</u>	<u>-</u>	<u>(41,724)</u>
Net Cash Used by Capital Financing Activities	<u>(41,724)</u>	<u>-</u>	<u>(41,724)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>9,289</u>	<u>5,016</u>	<u>14,305</u>
Net Cash Provided by Investing Activities	<u>9,289</u>	<u>5,016</u>	<u>14,305</u>
Net Increase in Cash and Cash Equivalents	137,183	317,151	454,334
Cash and Cash Equivalents, Beginning of Year	<u>1,480,793</u>	<u>628,787</u>	<u>2,109,580</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,617,976</u>	<u>\$ 945,938</u>	<u>\$ 2,563,914</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/ (Used) by Operating Activities			
Operating Income/(Loss)	\$ (1,992,906)	\$ (30,890)	\$ (2,023,796)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	44,753	5,078	49,831
Food Distribution (USDA Commodities) Nat'l School Lunch	262,249		262,249
Change in Assets, Liabilities and Deferred Inflows/Outflows of Resources			
Increase/(Decrease) in Accounts Payable	2,306	34,462	36,768
Increase/(Decrease) in Unearned Revenue	(20,452)		(20,452)
(Increase)/Decrease in Inventories	(9,526)		(9,526)
Increase/(Decrease) in Deposits Payable		(50)	(50)
Increase/(Decrease) in Due to Other Funds	2,140	314,352	316,492
Increase/(Decrease) in Net Pension Liability	(1,170,067)	(67,125)	(1,237,192)
(Increase)/Decrease in Deferred Outflows of Resources	366,695	21,497	388,192
Increase/(Decrease) in Deferred Inflows of Resources	<u>516,873</u>	<u>34,811</u>	<u>551,684</u>
Total Adjustments	<u>(5,029)</u>	<u>343,025</u>	<u>337,996</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (1,997,935)</u>	<u>\$ 312,135</u>	<u>\$ (1,685,800)</u>
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 262,249		

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 AS OF JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,280,722	\$ 1,366	\$ 4,120,242
Total Assets	<u>1,280,722</u>	<u>1,366</u>	<u>\$ 4,120,242</u>
LIABILITIES			
Due to Student Groups			\$ 283,908
Flexible Spending (Sect. 125) Account			40,627
Payroll Deductions and Withholdings			179,349
Accrued Salaries & Wages			3,616,358
Intergovernmental Payable	<u>14,968</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>14,968</u>	<u>-</u>	<u>\$ 4,120,242</u>
NET POSITION			
Restricted For Scholarships		<u>\$ 1,366</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,265,754</u>		

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Employee Contributions	\$ 130,552	
Investment Earnings		
Interest	<u>7,213</u>	<u>\$ 2</u>
Total Additions	<u>137,765</u>	<u>2</u>
DEDUCTIONS		
Unemployment Claims and Contrib.	<u>129,173</u>	<u>-</u>
Total Deductions	<u>129,173</u>	<u>-</u>
Change in Net Position	8,592	2
Net Position, Beginning of Year	<u>1,257,162</u>	<u>1,364</u>
Net Position, End of Year	<u>\$ 1,265,754</u>	<u>\$ 1,366</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. 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*. 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Prepaid Items

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

5. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts for Lease-Purchase Agreements for capital projects or maintained in separate bank accounts held by a fiscal agent and their use is limited for working capital amounts stipulated by self-insurance plan for workers compensation claims.

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

7. Deferred Outflows/Inflows of Resources

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category 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 that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

8. Compensated Absences

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

9. Pensions

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

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

10. Long-Term Obligations

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

II. *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.

Governmental Fund Statements

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

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

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was 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 3C).

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 2018/2019 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 3D).

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Purchases on Order – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

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

12. *Fund Balance Policies*

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Fund Balance Policies (Continued)

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

F. Revenues and Expenditures/Expenses (Continued)

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

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

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$156,392,913) difference are as follows:

Bonds Payable	\$ (95,815,000)
Add: Issuance Premium (to be Amortized as Interest Expense)	(2,018,243)
Lease Purchase Payable	(7,009,000)
Claims and Judgments	(639,018)
Compensated Absences	(2,056,849)
Net Pension Liability	<u>(48,854,803)</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (156,392,913)</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position”. The details of this \$5,915,000 difference are as follows:

Principal repayments:	
General obligation bonds	\$ 5,695,000
Down payment on lease purchase agreements	<u>220,000</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total	
Governmental Funds to Arrive at Changes in Net Position of	
Governmental Activities	<u>\$ 5,915,000</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original general fund budget by \$1,352,015 and the original special revenue fund budget by \$2,165,949. The increase in the general fund was funded by the reappropriation of prior year general fund encumbrances and the appropriation of capital reserve withdrawals. The increase in the special revenue fund was funded by additional grant awards. The appropriation of the capital reserve withdrawal of \$1,098,680 was approved by the Board on September 28, 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 in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

B. Deficit Fund Equity

The Food Service Enterprise Fund has a cumulative deficit in net position of \$175,155 as of June 30, 2018. The deficit is due to the District's accrual of the long-term liability associated with the fund's proportionate share of the District's total PERS net pension liability as required under GASB Statement No. 68. The deficit alone does not indicate that the food service operations are facing financial difficulties. The District is required to pay an annual contribution of which a portion is being paid by food service operations.

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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

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, 2018 is as follows:

Balance, July 1, 2017		\$ 11,092,613
Increased by:		
Interest Earnings - Transferred from Capital Projects Fund	\$ 267,499	
Interest Earnings	27,878	
Unexpended Capital Outlay Returned	511,710	
Unexpended Capital Projects Balances Returned	1,118,167	
Deposits Approved by Board Resolution	<u>5,372,651</u>	
Total Increases		<u>7,297,905</u>
		18,390,518
Decreased by:		
Withdrawals by Budget Appropriation - Capital Projects Fund	\$ 3,403,800	
Withdrawals by Budget Appropriation - Capital Outlay	1,175,000	
Withdrawal by Board Resolution	<u>1,098,680</u>	
Total Withdrawals		<u>5,677,480</u>
Balance, June 30, 2018		<u>\$ 12,713,038</u>
Designated for Subsequent Year's Expenditures (2018/19 Budget)	\$ 5,328,500	
Available Capital Reserve		<u>7,384,538</u>
		<u>\$ 12,713,038</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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.

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, June 30, 2017	\$ 1,000,000
Increased by:	
Interest Earned	<u>5,315</u>
Balance, June 30, 2018	<u>\$ 1,005,315</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$6,263,875. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$3,693,477. Of this amount, \$1,793,477 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$1,900,000 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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 and NCUSIF.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2018, the book value of the Board's deposits were \$47,004,194 and bank and brokerage firm balances of the Board's deposits amounted to \$55,655,951. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "restricted cash with fiscal agents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	
Cash and Cash Equivalents	\$ 55,459,948
Restricted Cash with Fiscal Agent	73,003
Uninsured and Collateralized	
Restricted Cash with Fiscal Agent	<u>123,000</u>
	<u>\$ 55,655,951</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board's bank balance of \$123,000 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 123,000</u>

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2018, the Board had no outstanding investments.

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

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

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

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

B. Receivables

Receivables as of June 30, 2018 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 71,638	\$ 38,618			\$ 110,256
Intergovernmental					
Federal		497,043		\$ 215,605	712,648
State	687,383	2,030	\$ 2,308,966	3,614	3,001,993
State - Tuition	56,417	-	-	-	56,417
	<u>56,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,417</u>
Total Receivables	<u>\$ 815,438</u>	<u>\$ 537,691</u>	<u>\$ 2,308,966</u>	<u>\$ 219,219</u>	<u>\$ 3,881,314</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
General Fund	
Rental Fees	\$ 10,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	802,504
Capital Projects Fund	
Unrealized School Facilities Grants	<u>1,077,041</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 1,889,545</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 34,034,176	\$ 38,434,725		\$ 72,468,901
Land	832,000	-	-	832,000
Total Capital Assets, Not Being Depreciated	<u>34,866,176</u>	<u>38,434,725</u>	<u>-</u>	<u>73,300,901</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	105,469,763	\$ 325,219		105,794,982
Improvements Other Than Buildings	9,693,053	320,128		10,013,181
Machinery and Equipment	11,577,127	633,322	-	12,210,449
Total Capital Assets Being Depreciated	<u>126,739,943</u>	<u>1,278,669</u>	<u>-</u>	<u>128,018,612</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(38,524,394)	(2,301,331)		(40,825,725)
Improvements Other Than Buildings	(6,691,189)	(398,897)		(7,090,086)
Machinery and Equipment	(5,786,943)	(368,214)	-	(6,155,157)
Total Accumulated Depreciation	<u>(51,002,526)</u>	<u>(3,068,442)</u>	<u>-</u>	<u>(54,070,968)</u>
Total Capital Assets, Being Depreciated, Net	<u>75,737,417</u>	<u>(1,789,773)</u>	<u>-</u>	<u>73,947,644</u>
Governmental Activities Capital Assets, Net	<u>\$ 110,603,593</u>	<u>\$ 36,644,952</u>	<u>\$ -</u>	<u>\$ 147,248,545</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 1,691,983	\$ 41,724	-	\$ 1,733,707
Total Capital Assets Being Depreciated	<u>1,691,983</u>	<u>41,724</u>	<u>-</u>	<u>1,733,707</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(877,895)	(49,831)	-	(927,726)
Total Accumulated Depreciation	<u>(877,895)</u>	<u>(49,831)</u>	<u>-</u>	<u>(927,726)</u>
Total Capital Assets, Being Depreciated, Net	<u>814,088</u>	<u>(8,107)</u>	<u>-</u>	<u>805,981</u>
Business-Type Activities Capital Assets, Net	<u>\$ 814,088</u>	<u>\$ (8,107)</u>	<u>\$ -</u>	<u>\$ 805,981</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 1,380,798
Special Education	<u>429,582</u>
Total Instruction	<u>1,810,380</u>
Support Services	
Student and Instruction Related Services	30,684
School Administrative Services	61,369
General Administrative Services	61,369
Plant Operations and Maintenance	337,529
Pupil Transportation	644,373
Business/Central & Other Support Services	<u>122,738</u>
Total Support Services	<u>1,258,062</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,068,442</u>
Business-Type Activities:	
Food Service Fund	\$ 44,753
C.A.R.E. Enterprise Fund	<u>5,078</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 49,831</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Capital Projects Fund		
Sampson G Smith Additions	\$ 10,336,413	\$ 331,450
Elizabeth Avenue School Revoations	10,254,108	2,118,850
Claremont School construction	32,482,273	4,591,384
Franklin High School Tennis Courts	681,670	166,247
SGS Windows Project	279,188	416,278
Hillcrest, MacAfee & Conerly Windows Project		1,399,000
Door Replacement at SGS & FHS		307,253
FHS Concession Stand	1,013,778	131,348
Door Replacement at Pine Grove Manor		161,702
Lockers/Restrooms at FHS		1,356,000
Toilet Renovations at MacAfee	-	323,000
	<hr/>	<hr/>
Total Construction Commitments	<u>\$ 10,336,413</u>	<u>\$ 11,302,512</u>

The District has other significant commitments at June 30, 2018 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Capital Projects Fund	
Furniture for Claremont School	\$ 948,713
	<hr/>
	<u>\$ 948,713</u>

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

General Fund	\$ 947,873
Capital Projects Fund	<u>12,240,388</u>
Total	<u>\$13,188,261</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	C.A.R.E. Enterprise Fund	\$ 317,498
General Fund	Capital Projects Fund	267,499
General Fund	Food Service Enterprise Fund	<u>151,075</u>
Total		<u>\$ 736,072</u>

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

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

Interfund transfers

	<u>Transfer In:</u>			<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>General Fund</u>	
Transfer Out:				
General Fund	\$ 4,502,480	\$ 338,697		\$4,841,177
Capital Projects Fund	<u>-</u>	<u>-</u>	\$ 1,385,666	<u>1,385,666</u>
Total Transfers Out	<u>\$ 4,502,480</u>	<u>\$ 338,697</u>	<u>\$ 1,385,666</u>	<u>\$6,226,843</u>

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

F. Leases

Capital Leases

The District is leasing various energy initiative program projects totaling \$7,534,000 under capital leases. The lease is for a term of 20 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 6,069,030</u>

The unexpended proceeds from capital leases in the amount of \$73,003 at June 30, 2018 are held with the Fiscal Agent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 432,200
2020	441,305
2021	452,929
2022	465,018
2023	476,557
2024-2028	2,536,644
2029-2033	2,852,534
2034-2035	<u>1,250,857</u>
Total minimum lease payments	8,908,044
Less: amount representing interest	<u>(1,899,044)</u>
Present value of minimum lease payments	<u>\$ 7,009,000</u>

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, 2018 are comprised of the following issues:

\$24,970,000, 2009 Refunding Bonds, due in annual installments of \$45,000 to \$2,340,000 through August 15, 2023, interest at 4.00% to 5.00%	\$ 11,635,000
\$81,480,000, 2015 School Bonds, due in annual installments of \$3,595,000 to \$5,000,000 through February 1, 2035, interest at 3.00 to 4.00%	75,480,000
\$8,700,000, 2016 Refunding Bonds, due in annual installments of \$2,140,000 to \$2,220,000 through August 15, 2026, interest at 3.00 to 4.00%	<u>8,700,000</u>
	<u>\$ 95,815,000</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 5,835,000	\$ 3,144,250	\$ 8,979,250
2020	6,020,000	2,930,425	8,950,425
2021	6,115,000	2,703,000	8,818,000
2022	6,220,000	2,472,750	8,692,750
2023	6,320,000	2,244,475	8,564,475
2024-2028	30,580,000	8,208,650	38,788,650
2029-2033	24,725,000	4,083,700	28,808,700
2034-2035	<u>10,000,000</u>	<u>562,500</u>	<u>10,562,500</u>
Total	<u>\$ 95,815,000</u>	<u>\$ 26,349,750</u>	<u>\$ 122,164,750</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 377,640,821
Less: Net Debt (Including Authorized But Not Issued)	<u>95,815,257</u>
Remaining Borrowing Power	<u>\$ 281,825,564</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 101,510,000		\$ (5,695,000)	\$ 95,815,000	\$ 5,835,000
Add:					
Unamortized Premium	<u>2,361,825</u>	<u>-</u>	<u>(343,582)</u>	<u>2,018,243</u>	<u>-</u>
Bonds Payable, Gross	103,871,825		(6,038,582)	97,833,243	5,835,000
Lease Purchase Payable	7,229,000		(220,000)	7,009,000	243,000
Claims and Judgments	520,994	\$ 118,024	-	639,018	
Compensated Absences	1,926,674	311,537	(181,362)	2,056,849	100,000
Net Pension Liability	<u>60,410,159</u>	<u>-</u>	<u>(11,555,356)</u>	<u>48,854,803</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 173,958,652</u>	<u>\$ 429,561</u>	<u>\$ (17,995,300)</u>	<u>\$ 156,392,913</u>	<u>\$ 6,178,000</u>
Business-Type Activities:					
Net Pension Liability	<u>\$ 4,142,059</u>	<u>\$ -</u>	<u>\$ (1,237,192)</u>	<u>\$ 2,904,867</u>	<u>\$ -</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 4,142,059</u>	<u>\$ -</u>	<u>\$ (1,237,192)</u>	<u>\$ 2,904,867</u>	<u>\$ -</u>

For the governmental activities, the liabilities for compensated absences, claims and judgements, lease purchase agreements and net pension liability are generally liquidated by the General Fund. For the business-type activities, the liabilities for the net pension liability are generally liquidated by the Food Service Enterprise Fund and the C.A.R.E. Enterprise Fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

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

The District has established a worker's compensation plan for its employees. Transactions related to the plan are accounted for in the General Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$700,000 for any one accident or occurrence, with any excess benefit being reimbursed through a Re-Insurance Agreement with Safety National Casualty Corporation. The reinsurance policy also contains an aggregate loss provision in the amount of \$1,000,000 employers limit. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company may not be able to meet their obligations to the District under existing reinsurance agreements.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2018, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$967,661 reported at June 30, 2018 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen’s compensation plan for the fiscal years ended June 30, 2018 and 2017 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Unpaid Claims, Beginning of Year	\$ 849,637	\$ 1,428,386
Incurred Claims	676,344	105,839
Claim Payments	<u>(558,320)</u>	<u>(684,588)</u>
Unpaid Claims, End of Year	<u>\$ 967,661</u>	<u>\$ 849,637</u>
General Fund		
Other Current Liabilities	\$ 328,643	\$ 328,643
Governmental Activities		
Noncurrent Liabilities	<u>639,018</u>	<u>520,994</u>
	<u>\$ 967,661</u>	<u>\$ 849,637</u>

The District is a member of the New Jersey Schools Insurance Group (NJSIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against various types of insurance coverage including property, liability, student activity and surety bond claims.

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of 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>Contributions/ Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 137,765	\$ 129,173	\$ 1,265,754
2017	128,899	118,714	1,257,162
2016	131,571	135,026	1,246,977

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.

Pending Litigation – The District is currently involved in litigation regarding unpaid health benefit claims with the District’s former health benefit provider. The litigation contests amounts owed by the District for unpaid insurance premium costs. As of June 30, 2018 the District has encumbered \$562,523 of funds for this purpose.

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, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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. PERS is a cost sharing multiple employer defined benefit pension plan.

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

The following represents the membership tiers for PERS:

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

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

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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

Other Pension Funds

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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.

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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, 2016 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 7.00 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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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>
2018	\$ 2,059,841	\$ 8,047,329	\$ 20,023
2017	1,936,287	5,815,963	18,529
2016	1,955,339	4,126,060	13,826

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$28,678 and \$10,453, respectively for PERS and the State contributed \$15,707 and \$16,856, respectively 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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$4,045,992 during the fiscal year ended June 30, 2018 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. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$51,759,670 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District’s proportionate share was .22235 percent, which was an increase of .00439 percent from its proportionate share measured as of June 30, 2016 of .21796 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,720,232 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, 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	\$ 1,218,762	
Changes of Assumptions	10,427,790	\$ 10,389,559
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	352,448	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,150,041</u>	<u>1,206,898</u>
Total	<u>\$ 13,149,041</u>	<u>\$ 11,596,457</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 1,219,901
2020	1,849,581
2021	958,571
2022	(1,506,963)
2023	(968,506)
Thereafter	<u>-</u>
	<u>\$ 1,552,584</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$24,150,894 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$348,623,835. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .51706 percent, which was an increase of .00171 percent from its proportionate share measured as of June 30, 2016 of .51535 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
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, 2036

Municipal Bond Rate * From July 1, 2036
and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 414,176,052</u>	<u>\$ 348,623,835</u>	<u>\$ 294,621,634</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2016, 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.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the actuarially determined contribution. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$5,197,599, \$4,846,021 and \$4,912,997, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$17,492,628. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$255,146,733. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .47567 percent, which was an increase of .00213 percent from its proportionate share measured as of June 30, 2016 of .47354 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>273,858,667</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 12,978,426
Interest on the Total OPEB Liability	8,047,596
Changes of Assumptions	(33,708,575)
Gross Benefit Payments	(6,259,886)
Contributions from the Member	<u>230,505</u>
Net Changes	\$ (18,711,934)
Balance, June 30, 2017 Measurement Date	\$ <u>255,146,733</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>302,877,580</u>	\$ <u>255,146,733</u>	\$ <u>217,286,172</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 209,833,523	\$ 255,146,733	\$ 315,322,143

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Subsequent Events

On July 25, 2018 the Board approved a lease agreement in the amount of \$1,184,521 for various computers. The term of the lease is 4 years, interest free.

The Board also approved a lease purchase agreement in the amount of \$2,110,693 for purchase of technology equipment. The term of the lease is 4 years with interest at 2.8569%.

G. 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 Franklin Township Public Schools, the District's share of abated taxes resulting from the municipality/county having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 132,453,496		\$ 132,453,496	\$ 132,453,496	
Interest				215,146	\$ 215,146
Interest- Capital Reserve	2,000		2,000	27,878	25,878
Interest- Maintenance Reserve				5,315	5,315
Tuition - Other LEAs Within the State				45,318	45,318
Tuition - Other Sources	100,000		100,000	409,027	309,027
Transportation Fees				22,000	22,000
Rentals				22,958	22,958
Miscellaneous	110,200	-	110,200	635,398	525,198
Total - Local Sources	132,665,696	-	132,665,696	133,836,536	1,170,840
State Sources					
Special Education Aid	5,044,696		5,044,696	5,044,696	-
Equalization Aid	5,500,347		5,500,347	5,706,043	205,696
Security Aid	1,581,446		1,581,446	1,581,446	-
Transportation Aid	917,058		917,058	917,058	-
PARCC Readiness Aid	80,870		80,870	80,870	-
Per Pupil Growth Aid	80,870		80,870	80,870	-
Professional Learning Community Aid	77,870		77,870	77,870	-
Lead Testing for Drinking Water				21,048	21,048
Extraordinary Aid	1,200,000		1,200,000	1,349,927	149,927
Additional Nonpublic Transportation Aid			-	298,885	298,885
On-Behalf TPAF Pension System Contr. (Non-budgeted)					-
Normal Cost & Accrued Liab.				7,856,667	7,856,667
On-Behalf TPAF Pension System Contr. (Non-budgeted)					-
Non-Contributory Insurance				190,662	190,662
On-Behalf TPAF Pension System Contr. (Non-budgeted)					-
Long Term Disability Insurance				15,707	15,707
On-Behalf TPAF Pension System Contr. (Non-budgeted)					-
Post-Retirement Medical Contributions				5,197,599	5,197,599
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)				4,045,992	4,045,992
Total - State Sources	14,483,157	-	14,483,157	32,465,340	17,982,183
Federal Sources					
Medicaid Reimbursement	218,546	-	218,546	153,898	(64,648)
Medicaid- MAC	-	-	-	30,064	30,064
Total-Federal Sources	218,546	-	218,546	183,962	(34,584)
Total Revenues	147,367,399	-	147,367,399	166,485,838	19,118,439
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,594,831	\$ (25,000)	1,569,831	1,563,799	6,032
Grades 1-5	10,727,780	292,000	11,019,780	11,014,104	5,676
Grades 6-8	7,153,448	450,000	7,603,448	7,591,728	11,720
Grades 9-12	9,182,915	442,000	9,624,915	9,618,116	6,799
Home Instruction					
Salaries of Teachers	45,000	32,500	77,500	71,204	6,296
Purchased Professional - Educational Services	35,000	(9,000)	26,000	17,660	8,340
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	22,000	15,000	37,000	33,621	3,379
Purchased Professional - Educational Services	1,816,200	114,183	1,930,383	1,878,966	51,417
Purchased Technical Services	277,741	(4,050)	273,691	251,588	22,103
Other Purchased Services	2,295,476	(117,000)	2,178,476	2,057,074	121,402
General Supplies	1,286,567	80,022	1,366,589	1,300,676	65,913
Textbooks	96,467	99,191	195,658	187,736	7,922
Other Objects	17,160	(4,674)	12,486	8,304	4,182
Total Regular Programs	34,550,585	1,365,172	35,915,757	35,594,576	321,181
Special Education					
Cognitive-Moderate					
Salaries of Teachers	112,811	(100,000)	12,811	5,527	7,284
Other Salaries of Instruction	77,581	(25,000)	52,581	44,945	7,636
Purchased Prof-Ed. Services	15,000	(10,000)	5,000	5,000	5,000
Other Purchased Services		12,200	12,200	12,200	12,200
General Supplies	4,000	(990)	3,010	3,009	1
Total Cognitive-Moderate	209,392	(123,790)	85,602	65,681	19,921

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 1,897,781	\$ (29,500)	\$ 1,868,281	\$ 1,867,102	\$ 1,179
Other Salaries for Instruction	504,679	49,500	554,179	554,153	26
Purchased Professional - Educational Services	80,000	(13,500)	66,500	29,815	36,685
General Supplies	34,000	(1,300)	32,700	32,479	221
Total Learning and/or Language Disabilities	2,516,460	5,200	2,521,660	2,483,549	38,111
Resource Room/Resource Center					
Salaries of Teachers	5,272,825	(150,000)	5,122,825	5,099,087	23,738
Other Salaries for Instruction	639,198	13,500	652,698	643,306	9,392
Purchased Professional - Educational Services	125,000	62,000	187,000	166,104	20,896
General Supplies	32,600	-	32,600	32,144	456
Total Resource Room/Resource Center	6,069,623	(74,500)	5,995,123	5,940,641	54,482
Autism					
Salaries of Teachers	515,766	(75,000)	440,766	435,758	5,008
Other Salaries for Instruction	681,121	(150,000)	531,121	527,180	3,941
Purchased Professional - Educational Services	50,000	(42,000)	8,000	-	8,000
Other Purchased Services	-	-	-	-	-
General Supplies	8,000	18,000	26,000	25,916	84
Total Autism	1,254,887	(249,000)	1,005,887	988,854	17,033
Preschool Disabilities - Full-Time					
Salaries of Teachers	665,051	14,000	679,051	678,028	1,023
Other Salaries for Instruction	178,843	44,100	222,943	221,547	1,396
Purchased Professional - Educational Services	22,000	(15,000)	7,000	-	7,000
General Supplies	15,000	(900)	14,100	13,817	283
Total Preschool Disabilities - Full-Time	880,894	42,200	923,094	913,392	9,702
Home Instruction					
Salaries of Teachers	55,000	(30,000)	25,000	24,228	772
Purchased Professional-Educational Services	65,000	(16,575)	48,425	32,015	16,410
Total Home Instruction	120,000	(46,575)	73,425	56,243	17,182
Total Special Education	11,051,256	(446,465)	10,604,791	10,448,360	156,431
Basic Skills/Remedial - Instruction					
Salaries of Teachers	2,065,164	(549,000)	1,516,164	1,510,697	5,467
Purchased Professional-Educational Services	10,000	(5,000)	5,000	1,053	3,947
General Supplies	5,600	-	5,600	5,037	563
Other Objects	720	-	720	-	720
Total Basic Skills/Remedial - Instruction	2,081,484	(554,000)	1,527,484	1,516,787	10,697
Bilingual Education - Instruction					
Salaries of Teachers	1,979,225	90,000	2,069,225	2,066,211	3,014
Other Salaries for Instruction	33,581	10	33,591	33,581	10
Purchased Professional - Educational Services	-	10,000	10,000	-	10,000
General Supplies	46,855	(19,105)	27,750	26,919	831
Textbooks	-	3,448	3,448	3,448	-
Total Bilingual Education - Instruction	2,059,661	84,353	2,144,014	2,130,159	13,855
School Sponsored Co/Extra Curricular Activities					
Salaries	383,340	(16,078)	367,262	326,931	40,331
Purchased Services	4,200	(1,600)	2,600	2,600	-
Supplies and Materials	16,941	11,160	28,101	14,934	13,167
Other Objects	56,350	(2,994)	53,356	43,584	9,772
Total School Sponsored Co/Extra Curricular Activities	460,831	(9,512)	451,319	388,049	63,270

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 789,349	\$ 14,297	\$ 803,646	\$ 797,740	\$ 5,906
Purchased Services	43,084	1,868	44,952	39,512	5,440
Supplies and Materials	81,021	27,877	108,898	96,331	12,567
Other Objects	148,345	(10,296)	138,049	99,261	38,788
Total School Sponsored Athletics	1,061,799	33,746	1,095,545	1,032,844	62,701
Alternative Education Programs- Instruction					
Salaries of Teachers	285,000	72,000	357,000	351,439	5,561
Other Salaries for Instruction	20,150	1,000	21,150	20,434	716
Purchased Professional and Technical Services	4,650	-	4,650	4,000	650
General Supplies	4,776	-	4,776	1,442	3,334
Textbooks	500	-	500	-	500
Other Objects	-	-	-	-	-
Total Alternative Education Programs- Instruction	315,076	73,000	388,076	377,315	10,761
Alternative Education Programs- Support Services					
Salaries	153,675	(57,000)	96,675	88,492	8,183
Purchased Professional and Technical Services	200	-	200	-	200
Supplies	1,000	-	1,000	954	46
Total Alternative Education Programs- Support Services	154,875	(57,000)	97,875	89,446	8,429
Total - Instruction	51,735,567	489,294	52,224,861	51,577,536	647,325
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	373,000	18,000	391,000	129,706	261,294
Tuition to Other LEAs Within State-Special	2,843,180	309,474	3,152,654	3,149,100	3,554
Tuition to County Vocational School Districts-Reg.	240,083	(8,350)	231,733	163,761	67,972
Tuition to County Vocational School Districts-Spec.	48,200	3,275	51,475	49,721	1,754
Tuition to County Spec. Svcs. Districts & Reg. Day	356,143	(61,800)	294,343	259,316	35,027
Tuition to Private Schools for the Disabled W/in State	6,685,578	(725,311)	5,960,267	5,927,123	33,144
Tuition to Private Schools Disabled and Other LEA's, Spl, O/S	211,014	9,400	220,414	220,413	1
Tuition - State Facilities	69,058	-	69,058	-	-
Tuition-Other	382,891	136,092	518,983	515,792	3,191
Total Undistributed Expenditures - Instruction	11,209,147	(319,220)	10,889,927	10,483,990	405,937
Attendance and Social Work Services					
Salaries	84,866	-	84,866	84,766	100
Total Attendance and Social Work Services	84,866	-	84,866	84,766	100
Health Services					
Salaries	1,286,296	22,000	1,308,296	1,258,209	50,087
Purchased Professional and Technical Svcs.	6,985	120,115	127,100	115,914	11,186
Other Purchased Services	900	180	1,080	1,080	-
Supplies and Materials	21,830	1,906	23,736	23,584	152
Total Health Services	1,316,011	144,201	1,460,212	1,398,787	61,425
Speech, OT, PT & Related Services					
Salaries	1,205,829	(20,000)	1,185,829	1,181,277	4,552
Purchased Professional- Educational Services	1,355,000	316,086	1,671,086	1,596,145	74,941
Supplies and Materials	10,000	1,452	11,452	11,409	43
Total Speech, OT, PT & Related Services	2,570,829	297,538	2,868,367	2,788,831	79,536
Other Support Services- Students Extra Service					
Salaries	840,652	295,500	1,136,152	1,134,752	1,400
Purchased Professional Ed. Services	893,000	20,504	913,504	887,405	26,099
Total Other Support Services- Students Extra Service	1,733,652	316,004	2,049,656	2,022,157	27,499

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 1,981,302	\$ (33,000)	\$ 1,948,302	\$ 1,947,792	\$ 510
Salaries of Secretarial and Clerical Assistants	250,192	33,590	283,782	279,073	4,709
Purchased Professional and Ed. Svcs.	218,404	19,920	238,324	224,748	13,576
Other Purch. Prof. & Tech Svc.		8,350	8,350	7,190	1,160
Other Purchased Services	4,480	(695)	3,785	3,189	596
Supplies and Materials	58,213	(265)	57,948	56,351	1,597
Other Objects	47,283	(521)	46,762	24,851	21,911
Total Guidance	2,559,874	27,379	2,587,253	2,543,194	44,059
Child Study Teams					
Salaries of Other Professional Staff	2,715,346	(165,981)	2,549,365	2,548,159	1,206
Salaries of Secretarial and Clerical Assistants	346,692	(22,000)	324,692	322,002	2,690
Other Salaries		9,550	9,550	8,700	850
Purchased Professional-Educational Services	75,000	67,194	142,194	139,373	2,821
Other Purchased Professional & Technical Svcs.	23,000	265	23,265	23,265	-
Other Purchased Services	13,736	(13,736)	-	-	-
Residential Costs	20,000	-	20,000	19,277	723
Miscellaneous Purchased Services		10,871	10,871	7,906	2,965
Supplies and Materials	15,900	3,523	19,423	18,833	590
Other Objects	350	45	395	395	-
Total Child Study Teams	3,210,024	(110,269)	3,099,755	3,087,910	11,845
Impvt. of Instruction Services-Other Support Services					
Salaries of Supervisors of Instruction	1,313,187	(60,000)	1,253,187	1,240,905	12,282
Salaries of Other Professional Staff	266,005	(30,000)	236,005	188,804	47,201
Salaries of Sec. and Clerical Assist.	264,840	-	264,840	259,953	4,887
Other Salaries	61,964	1,200	63,164	63,152	12
Salaries of Facilitators, Math & Literacy Coaches	1,553,930	(10,348)	1,543,582	1,516,299	27,283
Unused Vacation Payment to Terminated/Retired Staff	30,000	36,958	66,958	66,951	7
Purchased Professional-Educational Services	20,000	674	20,674	20,674	-
Other Purchased Services	29,534	1,405	30,939	9,802	21,137
Supplies and Materials	11,110	1,663	12,773	6,517	6,256
Other Objects	10,514	13,963	24,477	18,667	5,810
Total Impvt. of Instruction Svcs./Other Support Svcs.- Instructional Staff	3,561,084	(44,485)	3,516,599	3,391,724	124,875
Educational Media Services/School Library					
Salaries	622,606	(50,000)	572,606	556,316	16,290
Purchased Professional & Technical Svcs.	10,000	7,000	17,000	13,763	3,237
Supplies and Materials	94,670	155,600	250,270	87,032	163,238
Total Educational Media Services/School Library	727,276	112,600	839,876	657,111	182,765
Instructional Staff Training Services					
Salaries Other Professional Staff	62,463	3,900	66,363	37,215	29,148
Purchased Professional - Educational Services	159,200	(20,560)	138,640	99,459	39,181
Purchased Professional & Technical Svcs.	6,260	-	6,260	5,260	1,000
Other Purchased Services	52,698	(173)	52,525	27,240	25,285
Supplies and Materials	36,420	(3,918)	32,502	29,079	3,423
Total Instructional Staff Training Services	317,041	(20,751)	296,290	198,253	98,037
Support Svcs. General Administration					
Salaries	684,625	(29,090)	655,535	653,014	2,521
Legal Services	299,600	118,291	417,891	357,732	60,159
Audit Fees	66,300	-	66,300	62,340	3,960
Architectural/Engineering Services	20,000	279,342	299,342	249,886	49,456
Other Purchased Professional Svcs.	55,750	(5,000)	50,750	46,548	4,202
Purchased Technical Services	160,184	(10,421)	149,763	146,688	3,075
Communications/Telephone	408,525	(5,952)	402,573	382,979	19,594
BOE Other Purchased Services	6,353	(3,000)	3,353	905	2,448
Misc. Purchased Services	503,450	17,332	520,782	519,670	1,112
General Supplies	15,665	(4,735)	10,930	5,204	5,726
BOE In House Training/ Meeting Supplies	5,922	(3,479)	2,443	213	2,230
Judgments Against the School District	89,000	(58,450)	30,550	30,464	86
Miscellaneous Expenditures	9,383	381	9,764	9,534	230
BOE Membership Dues and Fees	33,805	(102)	33,703	32,107	1,596
Total Support Services General Administration	2,358,562	295,117	2,653,679	2,497,284	156,395

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 2,662,703	\$ (30,091)	\$ 2,632,612	\$ 2,629,281	\$ 3,331
Salaries of Other Professional Staff	706,847	54,000	760,847	757,320	3,527
Salaries of Secretarial and Clerical Assistants	1,623,347	(46,050)	1,577,297	1,572,708	4,589
Other Salaries	20,000	5,000	25,000	23,254	1,746
Unused Vacation Payment to Terminated/Retired Staff	30,000	5,985	35,985	35,985	-
Purchased Professional and Technical Services	13,396	4,525	17,921	16,927	994
Other Purchased Services	70,974	(8,025)	62,949	27,881	35,068
Supplies and Materials	77,570	9,014	86,584	67,492	19,092
Other Objects	390	15,490	15,880	15,697	183
Total Support Services School Adm.	5,205,227	9,848	5,215,075	5,146,545	68,530
Central Services					
Salaries	1,368,055	45,607	1,413,662	1,412,103	1,559
Unused Vacation Payments to Terminated/Retired Staff	30,000	(23,450)	6,550	5,650	900
Purchased Professional Services	2,500	-	2,500	2,038	462
Purchased Technical Services	150,821	62,370	213,191	187,382	25,809
Miscellaneous Purchased Services	54,482	(17,370)	37,112	25,391	11,721
Supplies and Materials	46,708	(9,194)	37,514	32,293	5,221
Miscellaneous Expenditures	15,069	420	15,489	15,110	379
Total Central Services	1,667,635	58,383	1,726,018	1,679,967	46,051
Admin. Info. Technology					
Salaries	794,536	51,393	845,929	841,122	4,807
Purchased Technical Services	55,436	135,652	191,088	190,805	283
Other Purchased Services	119,642	(32,310)	87,332	79,818	7,514
Supplies and Materials	67,888	(31,842)	36,046	30,822	5,224
Total Admin. Info. Technology	1,037,502	122,893	1,160,395	1,142,567	17,828
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	793,485	(75,778)	717,707	583,635	134,072
Lead Testing of Drinking Water	34,000	-	34,000	-	34,000
General Supplies	248,723	88,000	336,723	273,842	62,881
Other Objects	20,630	7,000	27,630	12,691	14,939
Total Required Maintenance for School Facilities	1,096,838	19,222	1,116,060	870,168	245,892
Custodial Services					
Salaries	4,304,726	95,400	4,400,126	4,395,723	4,403
Salaries of Non-Instructional Aides	430,776	600	431,376	383,735	47,641
Unused Vacation Payment to Terminated/Retired Staff	30,000	(24,116)	5,884	5,884	-
Purchased Professional and Technical Services	8,819	9,778	18,597	13,707	4,890
Cleaning, Repair and Maintenance Services	432,013	(119,086)	312,927	228,223	84,704
Other Purchased Property Services	200,436	33,812	234,248	229,954	4,294
Insurance	414,820	-	414,820	387,366	27,454
Miscellaneous Purchased Services	-	3,000	3,000	2,850	150
General Supplies	202,482	-	202,482	176,319	26,163
Energy (Natural Gas)	664,716	67,000	731,716	486,095	245,621
Energy (Electricity)	1,619,776	(189,712)	1,430,064	1,315,263	114,801
Energy (Oil)	10,000	(4,000)	6,000	4,079	1,921
Energy (Gasoline)	25,000	-	25,000	15,000	10,000
Other Objects	1,500	400	1,900	1,838	62
Interest- Energy Savings Impr Prog Bonds	195,559	-	195,559	195,559	-
Principal- Energy Savings Impr Prog Bonds	220,000	-	220,000	220,000	-
Total Custodial Services	8,760,623	(126,924)	8,633,699	8,061,595	572,104
Care & Upkeep of Grounds					
Salaries	551,676	4,000	555,676	554,321	1,355
Cleaning, Repair and Maintenance Services	129,451	9,218	138,669	106,311	32,358
General Supplies	68,942	(9,218)	59,724	30,656	29,068
Total Care & Upkeep of Grounds	750,069	4,000	754,069	691,288	62,781
Security					
Salaries	1,901,901	60,500	1,962,401	1,961,465	936
Purchased Professional and Technical Services	401,488	32,494	433,982	431,492	2,490
Cleaning, Repair and Maintenance Services	64,968	4,529	69,497	69,449	48
General Supplies	67,770	(1,533)	66,237	65,722	515
Total Security	2,436,127	95,990	2,532,117	2,528,128	3,989

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 154,157	\$ -	\$ 154,157	\$ 101,283	\$ 52,874
Salaries for Pupil Transportation (Between Home and School) - Regular	182,507	-	182,507	176,800	5,707
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	358,797	-	358,797	354,569	4,228
Unused Vac Payment to Term/Ret Staff		86,936	86,936	86,936	
Management Fee- ESC & CTSA Trans. Program	145,450	41,385	186,835	130,852	55,983
Other Purchased Prof. and Technical Serv.	593,277	144,498	737,775	494,612	243,163
Cleaning Repair and Maintenance Svcs.	211,896	19,412	231,308	196,998	34,310
Contracted Services (Between Home and School) - Vendors	6,118,800	(816,060)	5,302,740	5,300,435	2,305
Contracted Services (Other Than Between Home and School) - Vendors	497,635	5,816	503,451	430,711	72,740
Contracted (Between Home & School) Joint Agr.	22,100	9,379	31,479	31,414	65
Contracted Services (Special Ed. Students) Vendors	1,414,292	(74,350)	1,339,942	1,263,370	76,572
Contracted Services (Special Ed. Students) Joint Agr.	46,752	(10,800)	35,952	34,962	990
Contracted Services (Reg. Students)-ESCs & CTSA	821,091	49,150	870,241	793,403	76,838
Contracted Services (Spl. Ed. Students)-ESCs & CTSA	2,839,527	983,500	3,823,027	3,205,574	617,453
Contracted Service- Aid in Lieu Payments-Nonpub	480,896	(94,210)	386,686	378,885	7,801
Contracted Service- Aid in Lieu Payments-Charter	28,288	5,700	33,988	33,884	104
Travel		1,664	1,664	552	1,112
Misc. Purchased Svcs. - Transportation	85,000	(75,000)	10,000		10,000
General Supplies	9,313	(5,250)	4,063	1,813	2,250
Other Objects	2,639	(1,264)	1,375	1,150	225
Total Student Transportation Svcs.	14,012,417	270,506	14,282,923	13,018,203	1,264,720
Unallocated Benefits- Employee Benefits					
Group Insurance	1,200	750	1,950	1,937	13
Social Security Contribution	1,669,000	(183,133)	1,485,867	1,449,987	35,880
Other Retirement Contributions-Regular (DCRP)	30,000	-	30,000	20,023	9,977
Other Retirement Contributions-PERS	2,327,972	(336,611)	1,990,461	1,988,072	2,389
Unemployment Compensation	138,669	(136,985)	1,684		1,684
Workmen's Compensation	713,350	-	713,350	558,320	155,030
Health Benefits	16,563,079	(835,295)	15,727,784	14,543,533	1,184,251
Tuition Reimbursement	110,000	(14,484)	95,516	60,147	35,369
Other Employee Benefits	296,030	(214,650)	81,380	68,457	12,923
Unused Sick Payment to Terminated/Retired Staff	-	181,362	181,362	181,362	-
Total Unallocated Benefits- Employee Benefits	21,848,400	(1,539,046)	20,309,354	18,871,838	1,437,516
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Cost and Accrued Liability				7,856,667	(7,856,667)
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Non-Contributory Insurance				190,662	(190,662)
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Long Term Disability Insurance				15,707	(15,707)
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Post-Retirement Medical Contributions				5,197,599	(5,197,599)
On-behalf Reimbursed TPAF Social Security (Non-budgeted)				4,045,992	(4,045,992)
Total On-Behalf TPAF Contributions	-	-	-	17,306,627	(17,306,627)
Total Undistributed Expenditures	86,463,204	(387,014)	86,076,190	98,470,933	(12,394,743)
Total Current Expenditures	138,198,771	102,280	138,301,051	150,048,469	(11,747,418)
CAPITAL OUTLAY					
Equipment					
Grades 9-12		4,430	4,430		4,430
Special Education - Instruction					
Learning and/or Language Disabilities	5,000	(5,000)			
School-Sponsored and Other Instructional Programs	80,000	-	80,000	51,503	28,497
Undistributed Expenditures					
Instruction	370,526	(106,400)	264,126	120,857	143,269
School Admin		8,400	8,400	8,400	
Admin. Info. Tech.		23,200	23,200	23,189	11
Required Maintenance		-			
Custodial Services	14,269	-	14,269	14,269	
Care and Upkeep of Grounds	16,709	135,000	151,709	151,662	47
Security	55,000	(4,200)	50,800	14,654	36,146
Total Equipment	541,504	55,430	596,934	384,534	212,400

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		\$ 95,625	\$ 95,625		\$ 95,625
Construction Services	\$ 1,175,000	-	1,175,000	\$ 645,347	529,653
Assessment for Debt Service on SDA Funding	166,967	-	166,967	166,967	-
Total Facilities Acquisition and Construction Services	1,341,967	95,625	1,437,592	812,314	625,278
Increase in Capital Reserve	2,000	-	2,000	-	2,000
Total Capital Outlay	1,885,471	151,055	2,036,526	1,196,848	839,678
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	10,896,672	-	10,896,672	9,819,697	1,076,975
Total Transfer of Funds to Charter Schools	10,896,672	-	10,896,672	9,819,697	1,076,975
Total Expenditures	150,980,914	253,335	151,234,249	161,065,014	(9,830,765)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(3,613,515)	(253,335)	(3,866,850)	5,420,824	9,287,674
OTHER FINANCING SOURCES/(USES)					
Transfer In				1,385,666	1,385,666
Transfer to Capital Projects Fund (Capital Reserve)	(3,403,800)	(1,098,680)	(4,502,480)	(4,502,480)	-
Transfer To Special Revenue Fund	(338,697)	-	(338,697)	(338,697)	-
Total Other Financing Sources/(Uses)	(3,742,497)	(1,098,680)	(4,841,177)	(3,455,511)	1,385,666
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(7,356,012)	(1,352,015)	(8,708,027)	1,965,313	10,673,340
Fund Balances, Beginning of Year	20,405,724	-	20,405,724	20,405,724	-
Fund Balances, End of Year	\$ 13,049,712	\$ (1,352,015)	\$ 11,697,697	\$ 22,371,037	\$ 10,673,340
Recapitulation :					
Nonspendable Fund Balance					
Prepaid Item				\$ 12,200	
Restricted					
Excess Surplus (2019/20 Budget)				1,900,000	
Excess Surplus - Designated for Subsequent Year's Expenditures (2018/19 Budget)				1,793,477	
Capital Reserve				7,384,538	
Capital Reserve- Designated for Subsequent Year's Expenditures (2018/19 Budget)				5,328,500	
Maintenance Reserve				1,005,315	
Committed					
Purchases on Order				694,066	
Assigned					
Purchases on Order				253,807	
Designated for Subsequent Year's Expenditures (2018/19 Budget)				578,331	
Unassigned				3,420,803	
				22,371,037	
Reconciliation to Governmental Funds Statements (GAAP):					
Final 2017/2018 State Aid Payments Not Recognized on GAAP Basis				(1,257,038)	
2017/2018 Extraordinary Aid Not Recognized on a GAAP Basis				(1,349,927)	
Fund Balance (GAAP Basis), End of Year				\$ 19,764,072	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance- Final Budget to Actual
REVENUES					
Intergovernmental					
State	\$ 1,998,286	\$ 1,183,527	\$ 3,181,813	\$ 2,346,138	\$ (835,675)
Federal	2,204,815	1,378,504	3,583,319	3,310,271	(273,048)
Local Sources					
Miscellaneous	413,500	(396,082)	17,418	12,965	(4,453)
Total Revenues	<u>4,616,601</u>	<u>2,165,949</u>	<u>6,782,550</u>	<u>5,669,374</u>	<u>(1,113,176)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	960,135	660,018	1,620,153	1,598,816	21,337
Salaries of Other Professional Staff		423,956	423,956	354,308	69,648
Other Salaries for Instruction	386,326	529,419	915,745	806,679	109,066
Other Salaries		427,005	427,005	412,204	14,801
Purchased Prof and Technical Services		160	160		160
Purchased Professional/Educational Services	76,000	229,557	305,557	237,887	67,670
Purchased Technical Services		108,375	108,375	81,048	27,327
Other Purchased Services		24,969	24,969	24,280	689
General Supplies	59,900	272,800	332,700	217,287	115,413
Textbooks	71,590	4,169	75,759	71,414	4,345
Other Objects	-	401	401	401	-
Total Instruction	<u>1,553,951</u>	<u>2,680,829</u>	<u>4,234,780</u>	<u>3,804,324</u>	<u>430,456</u>
Support Services					
Salaries of Supervisors of Instruction	121,402	-	121,402	121,402	-
Salaries of Program Directors		232,651	232,651	232,651	-
Salaries of Secretarial and Clerical Asst.	41,730	77,210	118,940	117,924	1,016
Other Salaries	10,100	156,900	167,000	48,989	118,011
Salaries of Noninstructional Aides		17,369	17,369	17,369	-
Personal Services-Employee Benefits	399,015	495,219	894,234	715,033	179,201
Purchased Professional/Educational Services	338,751	(338,751)	-	-	-
Purchased Professional & Technical Services		212,021	212,021	205,119	6,902
Other Purchased Professional- Educational Services	5,984	443,894	449,878	449,878	-
Contracted Services-Transportation	269,600	106,746	376,346	155,768	220,578
Other Purchased Services	4,450	208,971	213,421	93,969	119,452
Supplies and Materials	5,000	73,691	78,691	43,064	35,627
Other Objects	2,205,315	(2,205,315)	-	-	-
Total Support Services	<u>3,401,347</u>	<u>(519,394)</u>	<u>2,881,953</u>	<u>2,201,166</u>	<u>680,787</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	4,514	4,514	2,581	1,933
Total Facilities Acq. & Construction	<u>-</u>	<u>4,514</u>	<u>4,514</u>	<u>2,581</u>	<u>1,933</u>
Total Expenditures	<u>4,955,298</u>	<u>2,165,949</u>	<u>7,121,247</u>	<u>6,008,071</u>	<u>1,113,176</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>(338,697)</u>	<u>-</u>	<u>(338,697)</u>	<u>(338,697)</u>	<u>-</u>
Other Financing Sources					
Transfer In - General Fund	338,697	-	338,697	338,697	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Fund Balance (Budgetary Basis), End of Year				\$ -	
Final 2017/2018 State Aid Payments Not Recognized on GAAP Basis				<u>-</u>	
Fund Balance (GAAP Basis), End of Year				<u>\$ -</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 166,485,838	\$ 5,669,374
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2016/2017 State Aid)	2,896,469	
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2017/2018 State Aid)	<u>(2,606,965)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 166,775,342</u>	<u>\$ 5,669,374</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 161,065,014</u>	<u>\$ 6,008,071</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 161,065,014</u>	<u>\$ 6,008,071</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.22235%	.21796%	.22744%	.22739%	.22238%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 51,759,670</u>	<u>\$ 64,552,218</u>	<u>\$ 51,054,809</u>	<u>\$ 42,572,869</u>	<u>\$ 42,502,178</u>
District's Covered-Employee Payroll	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,250,010</u>	<u>\$ 15,284,217</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	325%	426%	339%	279%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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.

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

Public Employees Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,059,841	\$ 1,936,287	\$ 1,955,339	\$ 1,874,537	\$ 1,675,625
Contributions in Relation to the Contractually Required Contribution	<u>2,059,841</u>	<u>1,936,287</u>	<u>1,955,339</u>	<u>1,874,537</u>	<u>1,675,625</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,250,010</u>	<u>\$ 15,284,217</u>
Contributions as a Percentage of Covered-Employee Payroll	13%	13%	13%	12%	11%

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

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	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	\$ 348,623,835	\$ 405,403,933	\$ 334,421,129	\$ 279,830,750	\$ 276,254,711
Total	\$ 348,623,835	\$ 405,403,933	\$ 334,421,129	\$ 279,830,750	\$ 276,254,711
District's Covered-Employee Payroll	\$ 55,248,712	\$ 53,372,315	\$ 51,907,424	\$ 51,889,123	\$ 51,771,553
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

86

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 12,978,426
Interest on Total OPEB Liability	8,047,596
Changes of Assumptions	(33,708,575)
Gross Benefit Payments	(6,259,886)
Contribution from the Member	230,505
Net Change in Total OPEB Liability	(18,711,934)
Total OPEB Liability - Beginning	273,858,667
Total OPEB Liability - Ending	\$ 255,146,733
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	255,146,733
Total OPEB Liability - Ending	\$ 255,146,733
District's Covered-Employee Payroll	\$ 71,196,604
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic											Page 2 Totals	Grand Totals
	Security	Nursing	Textbooks	Suppl.Inst.	Compens. Education	Exam. and Class.	Corrective Speech	Technology	Home Instruction	Transportation	IDEA Part B-Preschool		
REVENUES													
Intergovernmental													
State	\$ 81,048	\$ 140,165	\$ 71,414	\$ 21,727	\$ 25,689	\$ 49,138	\$ 23,481	\$ 50,606	\$ 2,030	\$ 10,176		\$ 1,870,664	\$ 2,346,138
Federal											\$ 63,890	3,246,381	3,310,271
Local													
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	12,965	12,965
Total Revenues	\$ 81,048	\$ 140,165	\$ 71,414	\$ 21,727	\$ 25,689	\$ 49,138	\$ 23,481	\$ 50,606	\$ 2,030	\$ 10,176	\$ 63,890	\$ 5,130,010	\$ 5,669,374
EXPENDITURES													
Instruction													
Salaries of Teachers											\$ 49,419	\$ 1,549,397	\$ 1,598,816
Salaries of Other Professional Staff												354,308	354,308
Other Salaries for Instruction												806,679	806,679
Other Salaries												412,204	412,204
Purchased Technical Services												-	-
Purchased Prof. and Technical Services	\$ 81,048											-	81,048
Purchased Prof- Educational Services				\$ 21,727	\$ 25,689	\$ 49,138	\$ 23,481	\$ 50,606	\$ 2,030	\$ 10,176		55,040	237,887
Purchased Prof- Contracted Pre-K												-	-
Other Purchased Services												24,280	24,280
General Supplies												217,287	217,287
Textbooks			\$ 71,414									-	71,414
Other Objects												401	401
Total Instruction	81,048	-	71,414	21,727	25,689	49,138	23,481	50,606	2,030	10,176	49,419	3,419,596	3,804,324
Support Services													
Salaries of Supervisors of Instruction												121,402	121,402
Salaries of Program Directors												232,651	232,651
Salaries of Secretarial and Clerical Asst.												117,924	117,924
Other Salaries for Instruction												-	-
Other Salaries												48,989	48,989
Salaries of Non-Instructional Aides												17,369	17,369
Personal Services - Employee Benefits											14,471	700,562	715,033
Purchased Prof. and Educational Svcs												-	-
Other Purchased Professional- Educational Services		\$ 140,165										309,713	449,878
Purchased Prof. and Technical Svcs												205,119	205,119
Contracted Services- Transportation												155,768	155,768
Other Purchased Services												93,969	93,969
Supplies and Materials												43,064	43,064
Other Objects												-	-
Total Support Services	-	140,165	-	-	-	-	-	-	-	-	14,471	2,046,530	2,201,166
Facilities Acquisition and Construction Services													
Instructional Equipment												2,581	2,581
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	-	-	2,581	2,581
Total Special Revenue Expenditures	\$ 81,048	\$ 140,165	\$ 71,414	\$ 21,727	\$ 25,689	\$ 49,138	\$ 23,481	\$ 50,606	\$ 2,030	\$ 10,176	\$ 63,890	\$ 5,468,707	\$ 6,008,071
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures												(338,697)	(338,697)
Other Financing Sources													
Transfer In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 338,697	\$ 338,697

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Donations</u> <u>Local</u> <u>Programs</u>	<u>Impact</u> <u>Aid</u>	<u>IDEA</u> <u>Reg.Prog.</u>	<u>ESEA</u> <u>Title I</u>	<u>ESEA</u> <u>Title II A</u>	<u>ESEA</u> <u>Title III-Immigrant</u>	<u>ESEA</u> <u>Title III</u>	<u>NCLB</u> <u>Title IV</u>	<u>Preschool</u> <u>Education</u> <u>Aid</u>	<u>Page 2</u> <u>Total</u>
REVENUES										
Intergovernmental										
State										
Federal		\$ 64,750	\$ 1,889,580	\$ 907,906	\$ 221,185	\$ 21,125	\$ 133,866	\$ 7,969	\$ 1,870,664	\$ 1,870,664
Local										
Miscellaneous	\$ 12,965	-	-	-	-	-	-	-	-	12,965
Total Revenues	\$ 12,965	\$ 64,750	\$ 1,889,580	\$ 907,906	\$ 221,185	\$ 21,125	\$ 133,866	\$ 7,969	\$ 1,870,664	\$ 5,130,010
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 1,550		\$ 234,062	\$ 253,542					\$ 1,060,243	\$ 1,549,397
Salaries of Other Professional Staff				291,180			\$ 63,128			354,308
Other Salaries for Instruction			393,841						412,838	806,679
Other Salaries			403,709		\$ 8,495				-	412,204
Purchased Prof. and Technical Services										-
Purchased Prof. and Educational Services									55,040	55,040
Purchased Professional Services- Contracted Pre-K										-
Other Purchased Services				24,280						24,280
General Supplies	3,931	\$ 64,750	5,963	45,648		\$ 3,335	10,936	\$ 7,519	75,205	217,287
Textbooks										-
Other Objects			401							401
Total Instruction	5,481	64,750	1,037,976	614,650	8,495	3,335	74,064	7,519	1,603,326	3,419,596
Support Services										
Salaries of Supervisors of Instruction									121,402	121,402
Salaries of Program Directors			186,529		46,122					232,651
Salaries of Secretarial and Clerical Asst.			96,657						21,267	117,924
Other Salaries for Instruction										-
Salaries of Non-Instructional Aides			17,369							17,369
Other Salaries			48,989							48,989
Personal Services - Employee Benefits			205,969	102,141	15,178		4,829		372,445	700,562
Purchased Prof- Educational Svcs										-
Purchased Prof. and Technical Svcs	7,484		4,500	92,595	58,450	17,790	24,300			205,119
Other Purchased Professional-Educational Services			244,932	64,781						309,713
Contracted Services- Transportation			40,901	4,708			24,360		85,799	155,768
Other Purchased Services					84,665		6,313	450	2,541	93,969
Supplies and Materials			5,758	29,031	8,275					43,064
Other Objects										-
Total Support Services	7,484	-	851,604	293,256	212,690	17,790	59,802	450	603,454	2,046,530
Facilities Acquisition and Construction Services										
Instructional Equipment									2,581	2,581
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	2,581	2,581
Total Special Revenue Expenditures	\$ 12,965	\$ 64,750	\$ 1,889,580	\$ 907,906	\$ 221,185	\$ 21,125	\$ 133,866	\$ 7,969	\$ 2,209,361	\$ 5,468,707
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures									(338,697)	(338,697)
Other Financing Sources										
Transfer In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 338,697	\$ 338,697

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>DISTRICT-WIDE</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 1,119,150	\$ 1,060,243	\$ 58,907
Other Salaries for Instruction	447,233	412,838	34,395
Purchased Professional and Educational Services	91,066	55,040	36,026
General Supplies	<u>167,942</u>	<u>75,205</u>	<u>92,737</u>
Total Instruction	<u>1,825,391</u>	<u>1,603,326</u>	<u>222,065</u>
Support Services			
Salaries of Supervisor of Instruction	121,402	121,402	-
Salaries of Secretarial and Clerical Asst.	21,310	21,267	43
Other Salaries	20,000	-	20,000
Salaries of Facilitators, Math Coaches, Literacy Coaches and Master Teachers	92,000	-	92,000
Personal Services - Employee Benefits	544,481	372,445	172,036
Other Purchased Professional- Education Services	10,000	-	10,000
Other Purchased Professional Services	5,984	-	5,984
Contracted Services- Transportation	307,535	85,799	221,736
Other Purchased Services	24,103	2,541	21,562
General Supplies	15,000	-	15,000
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>
Total Support Services	<u>1,161,815</u>	<u>603,454</u>	<u>558,361</u>
Facilities, Acquisition and Construction Services			
Instructional Equipment	<u>4,514</u>	<u>2,581</u>	<u>1,933</u>
Total Facilities, Acquisition and Construction Services	<u>4,514</u>	<u>2,581</u>	<u>1,933</u>
Total Expenditures	<u>\$ 2,991,720</u>	<u>\$ 2,209,361</u>	<u>\$ 782,359</u>
<u>SUMMARY OF LOCATION TOTALS</u>			
Total 2017-2018 Preschool Education Aid Allocation		\$ 2,502,615	
Add: Budgeted Transfer from General Fund- 2017/2018 Inclusion		338,697	
Actual Preschool Education Carryover (June 30, 2017)		<u>446,503</u>	
Total Preschool Education Aid Funds Available for 2017-2018 Budget		3,287,815	
Less: 2017-2018 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)		<u>2,991,720</u>	
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018		296,095	
Add: 2017-2018 Unexpended Preschool Education Aid		<u>782,359</u>	
2017-2018 Actual Carryover - Preschool Education Aid		<u>\$ 1,078,454</u>	
2017-2018 Preschool Education Aid Carryover Budgeted in 2018-2019		<u>\$ 296,095</u>	

CAPITAL PROJECTS FUND

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Adjustment- SDA Grant</u>	<u>Expenditures to Date</u>		<u>Current Year Cancelled/ Adjustments</u>	<u>Balance, June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Hillcrest Roof	\$ 838,080	\$ (1,462)	\$ 569,884		\$ 266,734	
Sampson G. Smith Roof	537,434	3,418	493,417		47,435	
Franklin Middle School Roof	4,037,337	(992,248)	2,266,355		778,734	
Sampson G. Smith HVAC	200,120		184,889			\$ 15,231
Energy Savings Incentive Program	7,735,000		7,338,801	\$ 204,810		191,389
Various renovations, alterations and improvements to all district schools- 2014 Referendum	87,811,464	(148,806)	30,498,588	37,551,109	107,389	19,505,572
Sampson G. Smith- Girls Locker Room	567,375		36,493	78,936		451,946
Administration Building Roof	312,000		286,736		25,264	-
Franklin High School- Paving	70,000		17,053	14,219		38,728
Franklin Park School- Paving	50,000		7,468	14,694		27,838
Franklin High School- Concession Stand	1,270,000		63,000	1,046,014	-	160,986
Sampson G. Smith- Kitchen	938,150	-	-	879,678	-	58,472
Franklin High School Tennis Courts	1,098,680	-	-	789,204	-	309,476
	<u>\$ 105,465,640</u>	<u>\$ (1,139,098)</u>	<u>\$ 41,762,684</u>	<u>\$ 40,578,664</u>	<u>\$ 1,225,556</u>	<u>\$ 20,759,638</u>
				Grants Receivable	\$ 107,389	
				Capital Reserve	<u>1,118,167</u>	
					<u>\$ 1,225,556</u>	
Project Balances						\$ 20,759,638
Reserve for Payment of Lease Purchase						3,500
Authorized But Not Issued						(257)
Unrealized SDA Grant						<u>(1,077,041)</u>
Fund Balance- GAAP Basis						<u>\$ 19,685,840</u>
<u>Recapitulation of Fund Balance:</u>						
Restricted						
Capital Projects						\$ 7,441,952
Debt Service						3,500
Committed						
Year- End Encumbrances						<u>12,240,388</u>
Total Fund Balance-Restricted for Capital Projects						<u>\$ 19,685,840</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues and Other Financing Sources**Revenues**

Interest on Lease Purchase Proceeds	\$ 2,107
Interest on Referendum Proceeds	267,499

Other Financing Sources

Transfer from Capital Reserve	<u>4,502,480</u>
-------------------------------	------------------

Total Revenues and Other Financing Sources	<u>4,772,086</u>
--	------------------

Expenditures and Other Financing Uses**Expenditures**

Purchased Professional and Technical Services	1,788,748
Construction Services	38,434,725
Supplies	212,855
Other Objects	124,587
Equipment	17,749
SDA Grant Cancelled	107,389

Other Financing Uses

Transfer to General Fund- Return of Funds from Cancelled	
Appropriations to Capital Reserve	1,118,167
Transfer to General Fund-Interest Earnings on Referendum Proceeds (Capital Reserve)	<u>267,499</u>

Total Expenditures and Other Financing Uses	<u>42,071,719</u>
---	-------------------

Excess/(Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(37,299,633)
---	--------------

Fund Balance - Beginning of Year	<u>58,062,514</u>
----------------------------------	-------------------

Fund Balance - End of Year	<u>20,762,881</u>
----------------------------	-------------------

Reconciliation to GAAP

Unearned Revenue - SDA Grant	<u>(1,077,041)</u>
------------------------------	--------------------

Fund Balance- End of Year GAAP Basis	<u>\$ 19,685,840</u>
--------------------------------------	----------------------

Analysis of Fund Balance:

Restricted for Capital Projects	\$ 7,441,952
Restricted for Debt Service	3,500
Committed- Year End Encumbrances	<u>12,240,388</u>

	<u>\$ 19,685,840</u>
--	----------------------

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HILLCREST ROOF
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SDA Grant	\$ 229,710		\$ 229,710	\$ 229,710
Transfer from Capital Reserve	<u>606,908</u>	<u>\$ (266,734)</u>	<u>340,174</u>	<u>340,174</u>
 Total Revenues and Other Financing Sources	 <u>606,908</u>	 <u>(266,734)</u>	 <u>569,884</u>	 <u>569,884</u>
 EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	45,539		45,539	45,539
Construction Services	<u>524,345</u>	<u>-</u>	<u>524,345</u>	<u>524,345</u>
 Total Expenditures and other Financing Uses	 <u>569,884</u>	 <u>-</u>	 <u>569,884</u>	 <u>569,884</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 37,024</u>	 <u>\$ (266,734)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	1610-100-13-4002
Grant Number	G5-5797
Grant Date	1/6/2014
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 838,080
Revised Authorized Cost	\$ 569,884

Percentage Completion	100%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2017/2018

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH ROOF
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SDA Grant	\$ 198,335		\$ 198,335	\$ 198,335
Transfer from Capital Reserve	<u>342,517</u>	<u>\$ (47,435)</u>	<u>295,082</u>	<u>295,082</u>
 Total Revenues and Other Financing Sources	 <u>540,852</u>	 <u>(47,435)</u>	 <u>493,417</u>	 <u>493,417</u>
 EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	32,459		32,459	32,459
Construction Services	<u>460,958</u>	<u>-</u>	<u>460,958</u>	<u>460,958</u>
 Total Expenditures and other Financing Uses	 <u>493,417</u>	 <u>-</u>	 <u>493,417</u>	 <u>493,417</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 47,435</u>	 <u>\$ (47,435)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	1610-150-13-4003
Grant Number	G5-6043
Grant Date	1/6/2014
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 537,434
Revised Authorized Cost	\$ 493,417
 Percentage Completion	 100%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2017/2018

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 BUDGETARY BASIS
 FRANKLIN MIDDLE SCHOOL ROOF
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SDA Grant	\$ 884,729		\$ 884,729	\$ 884,729
Transfer from Capital Reserve	<u>2,160,360</u>	<u>\$ (778,734)</u>	<u>1,381,626</u>	<u>1,381,626</u>
 Total Revenues and Other Financing Sources	 <u>3,045,089</u>	 <u>(778,734)</u>	 <u>2,266,355</u>	 <u>2,266,355</u>
 EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	216,855		216,855	216,855
Construction Services	<u>2,049,500</u>	<u>-</u>	<u>2,049,500</u>	<u>2,049,500</u>
 Total Expenditures and other Financing Uses	 <u>2,266,355</u>	 <u>-</u>	 <u>2,266,355</u>	 <u>2,266,355</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 778,734</u>	 <u>\$ (778,734)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	1610-160-13-5004
Grant Number	G5-6094
Grant Date	1/6/2014
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	N/A
Original Authorized Cost	\$ 4,037,337
Revised Authorized Cost	\$ 2,266,355
 Percentage Completion	 100%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2017/2018

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH HVAC UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 200,120	\$ -	\$ 200,120	\$ 200,120
 Total Revenues and Other Financing Sources	 <u>200,120</u>	 <u>-</u>	 <u>200,120</u>	 <u>200,120</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	-	-	-	-
Construction Services	184,889	-	184,889	200,120
 Total Expenditures and other Financing Uses	 <u>184,889</u>	 <u>-</u>	 <u>184,889</u>	 <u>200,120</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 15,231</u>	 <u>\$ -</u>	 <u>\$ 15,231</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 194,000
Revised Authorized Cost	\$ 200,120

Percentage Completion	92.4%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2016/2017

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Lease Purchase Proceeds	\$ 7,535,000		\$ 7,535,000	\$ 7,535,000
Transfer from Capital Reserve	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
 Total Revenues and Other Financing Sources	 <u>7,735,000</u>	 <u>-</u>	 <u>7,735,000</u>	 <u>7,735,000</u>
 EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	1,474,581		1,474,581	1,474,581
Construction Services	<u>5,864,220</u>	<u>\$ 204,810</u>	<u>6,069,030</u>	<u>6,260,419</u>
 Total Expenditures and other Financing Uses	 <u>7,338,801</u>	 <u>204,810</u>	 <u>7,543,611</u>	 <u>7,735,000</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 396,199</u>	<u>\$ (204,810)</u>	<u>\$ 191,389</u>	<u>\$ -</u>

Additional Project Information:

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

Percentage Completion	97.53%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2018/2019

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS RENOVATIONS, ALTERATIONS AND IMPROVEMENTS TO ALL DISTRICT SCHOOLS (REFERENDUM)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 81,480,000		\$ 81,480,000	\$ 81,480,000
State Sources- SDA Grant	3,268,263	\$ (107,389)	3,160,874	3,160,874
Transfer from Capital Reserve	1,164,340	1,749,800	2,914,140	2,914,140
	<u>85,912,603</u>	<u>1,642,411</u>	<u>87,555,014</u>	<u>87,555,014</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	5,569,711	1,632,766	7,202,477	
Construction Services	24,296,191	35,580,901	59,877,092	87,555,014
Supplies	79,200	212,855	292,055	
Other Objects	553,488	124,587	678,075	-
	<u>30,498,590</u>	<u>37,551,109</u>	<u>68,049,699</u>	<u>87,555,014</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 55,414,013</u>	<u>\$ (35,908,698)</u>	<u>\$ 19,505,315</u>	<u>\$ -</u>

Additional Project Information:

Project Number	Various - See Below
Grant Date	Various - See Below
Bond Issue Date	2/26/2015
Bonds Issued	81,480,000
Original Authorized Cost	\$ 84,897,326
Revised Authorized Cost	\$ 87,555,014
Percentage Completion	80.2%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2018/2019

<u>Analysis of SDA Grants</u>	<u>DOE Project #</u>	<u>Grant #</u>	<u>Revised Amount</u>
Elizabeth Ave School	1610-070-14-1008	G5-5796	\$ 25,001
Sampson G. Smith School	1610-150-14-1029	G5-6045	182,789
Elizabeth Ave School	1610-070-14-1007	G5-5795	250,000
Pine Grove Manor School	1610-140-14-1017	G5-6356	181,094
Franklin Middle School	1610-160-14-1025	G5-6356	205,000
Sampson G. Smith School	1610-150-14-1022	G5-6355	451,804
Conerly Road School	1610-055-14-1006	G5-6350	470,290
MacAfee School	1610-115-14-1016	G5-6353	287,259
Hillcrest School	1610-100-14-1011	G5-6352	530,761
Sampson G. Smith School	1610-150-14-1021	G5-6044	218,708
Franklin Park School	1610-080-14-1010	G5-6351	37,848
Hillcrest School	1610-100-14-1013	G5-5798	320,320
			<u>\$ 3,160,874</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH- GIRLS LOCKER ROOM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 567,375	-	\$ 567,375	\$ 567,375
Total Revenues and Other Financing Sources	<u>567,375</u>	<u>-</u>	<u>567,375</u>	<u>567,375</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	6,793	\$ 802	7,595	49,875
Construction Services	<u>29,700</u>	<u>78,134</u>	<u>107,834</u>	<u>517,500</u>
Total Expenditures and other Financing Uses	<u>36,493</u>	<u>78,936</u>	<u>115,429</u>	<u>567,375</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 530,882</u>	<u>\$ (78,936)</u>	<u>\$ 451,946</u>	<u>\$ -</u>

Additional Project Information:

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

Percentage Completion	20%
Original Target Completion Date	2016/17
Revised Target Completion Date	2018/19

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ADMINISTRATIVE BUILDING ROOF
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 312,000	\$ (25,264)	\$ 286,736	\$ 286,736
Total Revenues and Other Financing Sources	<u>312,000</u>	<u>(25,264)</u>	<u>286,736</u>	<u>286,736</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	23,825		23,825	23,825
Construction Services	<u>262,911</u>	<u>-</u>	<u>262,911</u>	<u>262,911</u>
Total Expenditures and other Financing Uses	<u>286,736</u>	<u>-</u>	<u>286,736</u>	<u>286,736</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 25,264</u>	<u>\$ (25,264)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 312,000
Revised Authorized Cost	\$ 286,736

Percentage Completion	100%
Original Target Completion Date	2016/17
Revised Target Completion Date	2017/18

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL- PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 70,000	-	\$ 70,000	\$ 70,000
Total Revenues and Other Financing Sources	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	17,053	\$ 14,219	31,272	70,000
Construction Services	-	-	-	-
Total Expenditures and other Financing Uses	<u>17,053</u>	<u>14,219</u>	<u>31,272</u>	<u>70,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 52,947</u>	<u>\$ (14,219)</u>	<u>\$ 38,728</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 70,000
Revised Authorized Cost	N/A

Percentage Completion	45%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 BUDGETARY BASIS
 FRANKLIN PARK SCHOOL- PAVING
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 50,000	-	\$ 50,000	\$ 50,000
 Total Revenues and Other Financing Sources	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	7,468	\$ 14,694	22,162	50,000
Construction Services	-	-	-	-
 Total Expenditures and other Financing Uses	<u>7,468</u>	<u>14,694</u>	<u>22,162</u>	<u>50,000</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 42,532</u>	<u>\$ (14,694)</u>	<u>\$ 27,838</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 50,000
Revised Authorized Cost	N/A
 Percentage Completion	 44.3%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL CONCESSION STAND
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 70,000	\$ 1,200,000	\$ 1,270,000	\$ 1,270,000
 Total Revenues and Other Financing Sources	 <u>70,000</u>	 <u>1,200,000</u>	 <u>1,270,000</u>	 <u>1,270,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	63,000	14,487	77,487	52,251
Construction Services	-	1,013,778	1,013,778	1,200,000
Equipment	-	17,749	17,749	17,749
 Total Expenditures and other Financing Uses	 <u>63,000</u>	 <u>1,046,014</u>	 <u>1,109,014</u>	 <u>1,270,000</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 7,000</u>	 <u>\$ 153,986</u>	 <u>\$ 160,986</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	N/A
Original Authorized Cost	\$ 70,000
Revised Authorized Cost	\$ 1,270,000
 Percentage Completion	 87%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH-KITCHEN UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 200,000	\$ 454,000	\$ 654,000	\$ 654,000
Transfer from Food Service Enterprise Fund	<u>284,150</u>	<u>-</u>	<u>284,150</u>	<u>284,150</u>
Total Revenues and Other Financing Sources	<u>484,150</u>	<u>454,000</u>	<u>938,150</u>	<u>938,150</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	-	4,246	4,246	10,000
Construction Services	<u>-</u>	<u>875,432</u>	<u>875,432</u>	<u>928,150</u>
Total Expenditures and other Financing Uses	<u>-</u>	<u>879,678</u>	<u>879,678</u>	<u>938,150</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 484,150</u>	<u>\$ (425,678)</u>	<u>\$ 58,472</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 484,150
Revised Authorized Cost	\$ 938,150

Percentage Completion	0.0%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL- TENNIS COURTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ -	\$ 1,098,680	\$ 1,098,680	\$ 1,098,680
Total Revenues and Other Financing Sources	-	1,098,680	1,098,680	1,098,680
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	-	107,534	107,534	126,975
Construction Services	-	681,670	681,670	849,043
Other Purchased Property Services	-	-	-	122,662
Total Expenditures and other Financing Uses	-	789,204	789,204	1,098,680
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 309,476	\$ 309,476	\$ -

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,098,680
Revised Authorized Cost	N/A

Percentage Completion	72%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19

ENTERPRISE FUNDS

EXHIBIT G-1

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 283,908	\$ 3,836,334	\$ 4,120,242
Total Assets	<u>\$ 283,908</u>	<u>\$ 3,836,334</u>	<u>\$ 4,120,242</u>
LIABILITIES			
Accrued Salaries & Wages		\$ 3,616,358	\$ 3,616,358
Payroll Deductions and Withholdings		179,349	179,349
Flexible Spending (Sect. 125) Plan Account		40,627	40,627
Due to Student Groups	<u>\$ 283,908</u>	<u>-</u>	<u>283,908</u>
Total Liabilities	<u>\$ 283,908</u>	<u>\$ 3,836,334</u>	<u>\$ 4,120,242</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
ELEMENTARY SCHOOLS				
Franklin Park	\$ 2,257	\$ 3,816	\$ 2,478	\$ 3,595
Sampson G. Smith	40,796	100,632	102,905	38,523
MIDDLE SCHOOL	35,302	74,716	87,728	22,290
HIGH SCHOOL	168,698	339,174	335,603	172,269
ATHLETICS	<u>28,951</u>	<u>80,841</u>	<u>62,561</u>	<u>47,231</u>
Total	<u>\$ 276,004</u>	<u>\$ 599,179</u>	<u>\$ 591,275</u>	<u>\$ 283,908</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
Payroll Deductions and Withholdings	\$ 7,763	\$ 41,580,265	\$ 41,408,679	\$ 179,349
Flexible Spending (Section 125) Plan Account	47,524	177,171	184,068	40,627
Accrued Salaries and Wages	<u>3,426,829</u>	<u>101,624,551</u>	<u>101,435,022</u>	<u>3,616,358</u>
	<u>\$ 3,482,116</u>	<u>\$ 143,381,987</u>	<u>\$ 143,027,769</u>	<u>\$ 3,836,334</u>

LONG-TERM DEBT

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 LONG-TERM DEBT
 SCHEDULE OF BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Decreased</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2018	\$ 2,240,000	4.250%	\$ 13,830,000	\$ 2,195,000	\$ 11,635,000
			8/15/2019	2,335,000	5.000%			
			8/15/2020-21	2,340,000	5.000%			
			8/15/2022	1,335,000	5.000%			
			8/15/2022	1,000,000	4.000%			
			8/15/2023	45,000	4.000%			
2015 School Bonds	2/10/2015	\$ 81,480,000	2/1/2019	3,595,000	3.000%	78,980,000	3,500,000	75,480,000
			2/1/2020	3,685,000	3.000%			
			2/1/2021	3,775,000	3.000%			
			2/1/2022	3,880,000	3.000%			
			2/1/2023	3,985,000	3.000%			
			2/1/2024	4,105,000	3.000%			
			2/1/2025	4,230,000	3.000%			
			2/1/2026	4,360,000	3.000%			
			2/1/2027	4,500,000	3.000%			
			2/1/2028	4,640,000	3.000%			
			2/1/2029	4,785,000	3.000%			
			2/1/2030	4,940,000	3.000%			
			2/1/2031	5,000,000	3.000%			
			2/1/2032	5,000,000	3.000%			
			2/1/2033	5,000,000	3.125%			
			2/1/2034	5,000,000	3.250%			
Refunding School Bonds	5/26/2016	\$ 8,700,000	8/15/2023	2,160,000	3.000%	8,700,000	-	8,700,000
			8/15/2024	2,220,000	3.000%			
			8/15/2025	2,180,000	4.000%			
			8/15/2026	2,140,000	4.000%			
						<u>\$ 101,510,000</u>	<u>\$ 5,695,000</u>	<u>\$ 95,815,000</u>
Paid by Budget Appropriation							<u>\$ 5,695,000</u>	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2018

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Lease Purchase Agreement - ESIP	2.747%	<u>\$ 7,534,000</u>	<u>\$ 7,229,000</u>	<u>\$ 220,000</u>	<u>\$ 7,009,000</u>
		<u>\$ 7,534,000</u>	<u>\$ 7,229,000</u>	<u>\$ 220,000</u>	<u>\$ 7,009,000</u>
				<u>\$ 220,000</u>	
				<u>\$ 220,000</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance-Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 8,095,840	-	\$ 8,095,840	\$ 8,095,840	-
State Sources					
Debt Service Aid	<u>944,848</u>	<u>-</u>	<u>944,848</u>	<u>944,848</u>	<u>-</u>
Total Revenues	<u>9,040,688</u>	<u>-</u>	<u>9,040,688</u>	<u>9,040,688</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	3,351,725	-	3,351,725	3,351,725	\$ -
Redemption of Principal	<u>5,695,000</u>	<u>-</u>	<u>5,695,000</u>	<u>5,695,000</u>	<u>-</u>
Total Expenditures	<u>9,046,725</u>	<u>-</u>	<u>9,046,725</u>	<u>9,046,725</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(6,037)</u>	<u>-</u>	<u>(6,037)</u>	<u>(6,037)</u>	<u>-</u>
Net Change in Fund Balances	(6,037)	-	(6,037)	(6,037)	-
Fund Balance, Beginning of Year	<u>209,062</u>	<u>-</u>	<u>209,062</u>	<u>209,062</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 203,025</u>	<u>\$ -</u>	<u>\$ 203,025</u>	<u>\$ 203,025</u>	<u>\$ -</u>

Recapitulation of Fund Balance:

Restricted for Debt Service:

 Designated for Subsequent Year's
 Budget (2018/19) \$ 203,025

Total Fund Balance - Restricted
for Debt Service \$ 203,025

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 35,149,989	\$ 38,398,886	\$ 41,107,004	\$ 43,142,234	\$ 43,659,102	\$ 45,676,154	\$ 41,256,919	\$ 48,328,719	\$ 51,827,177	\$ 62,613,681
Restricted	3,152,950	469,197	494,561	2,418,650	2,378,881	4,816,020	14,424,083	12,383,678	18,044,824	15,455,281
Unrestricted	(1,090,978)	(360,174)	(1,300,219)	(531,325)	(489,287)	(40,173,039)	(40,472,737)	(40,364,250)	(43,909,435)	(46,286,757)
Total Governmental Activities Net Position	\$ 37,211,961	\$ 38,507,909	\$ 40,301,346	\$ 45,029,559	\$ 45,548,696	\$ 10,319,135	\$ 15,208,265	\$ 20,348,147	\$ 25,962,566	\$ 31,782,205
Business-Type Activities										
Investment in Capital Assets	\$ 290,405	\$ 290,826	\$ 252,883	\$ 335,719	\$ 369,629	\$ 406,306	\$ 444,798	\$ 418,684	\$ 814,088	\$ 805,981
Restricted										
Unrestricted	1,040,844	1,002,349	1,020,653	1,012,874	739,631	(1,601,375)	(1,234,507)	(1,061,651)	(1,217,275)	(696,702)
Total Business-Type Activities Net Position	\$ 1,331,249	\$ 1,293,175	\$ 1,273,536	\$ 1,348,593	\$ 1,109,260	\$ (1,195,069)	\$ (789,709)	\$ (642,967)	\$ (403,187)	\$ 109,279
District-Wide										
Net Investment in Capital Assets	\$ 35,440,394	\$ 38,689,712	\$ 41,359,887	\$ 43,477,953	\$ 44,028,731	\$ 46,082,460	\$ 41,701,717	\$ 48,747,403	\$ 52,641,265	\$ 63,419,662
Restricted	3,152,950	469,197	494,561	2,418,650	2,378,881	4,816,020	14,424,083	12,383,678	18,044,824	15,455,281
Unrestricted	(50,134)	642,175	(279,566)	481,549	250,344	(41,774,414)	(41,707,244)	(41,425,901)	(45,126,710)	(46,983,459)
Total District Net Position	\$ 38,543,210	\$ 39,801,084	\$ 41,574,882	\$ 46,378,152	\$ 46,657,956	\$ 9,124,066	\$ 14,418,556	\$ 19,705,180	\$ 25,559,379	\$ 31,891,484

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

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

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 52,491,925	\$ 51,800,496	\$ 51,187,383	\$ 52,508,130	\$ 57,429,491	\$ 56,162,752	\$ 65,459,896	\$ 73,391,280	\$ 78,178,024	\$ 82,444,687
Special Education	23,607,825	24,657,000	25,441,211	25,023,891	27,728,427	26,765,570	30,420,992	30,163,329	32,394,349	32,967,859
Vocational- Tuition	222,850	283,705	313,672	250,761	194,464	200,630	155,650	215,633	207,875	213,482
Other Instruction	4,956,848	4,973,648	4,702,223	5,248,842	5,412,521	5,728,808	6,549,875	4,264,395	8,437,515	8,350,055
School Sponsored Activities And Athletics	1,603,049	1,635,318	1,552,538	1,754,456	1,771,383	1,792,310	2,231,855	2,961,270	2,576,267	2,591,286
Support Services:										
Student & Instruction Related Services	16,013,316	17,932,549	19,965,665	19,962,740	19,802,557	18,398,799	18,343,728	21,534,055	23,648,296	25,286,241
School Administrative Services	5,788,752	6,107,929	5,950,228	6,372,457	6,913,611	7,080,686	8,091,290	8,048,181	9,044,353	9,386,829
General Administration	2,780,841	1,994,328	2,201,551	2,279,687	2,735,360	2,547,296	2,268,730	2,519,964	2,602,963	2,959,436
Central Services										
Plant Operations And Maintenance	15,505,186	14,671,738	14,312,598	13,224,205	13,992,340	14,556,907	16,484,904	17,306,672	17,727,151	18,678,318
Administrative Information Technology										
Pupil Transportation	12,284,009	12,727,188	12,834,232	13,034,098	13,875,038	14,071,942	14,119,145	13,746,290	14,113,143	14,050,861
Other Support Services	2,850,416	2,991,567	2,636,473	2,737,984	3,008,990	3,203,842	3,302,460	3,086,455	3,962,167	4,328,175
Special Schools										
Interest On Long-Term Debt	1,970,981	2,020,812	1,991,040	1,857,458	1,631,754	1,449,161	2,387,803	3,910,083	3,765,864	3,458,717
Total Governmental Activities Expenses	140,075,998	141,796,278	143,088,814	144,254,709	154,495,936	151,958,703	169,816,328	181,147,607	196,657,967	204,715,946
Business-Type Activities:										
Food Service	2,364,073	2,552,877	2,666,604	2,791,092	3,235,950	3,197,377	3,415,527	3,903,479	3,679,443	3,207,689
Child Care	1,073,111	1,021,256	958,231	884,280	960,597	827,389	724,928	720,952	789,480	818,595
Other Business-Types	82,599	49,278	-	4,975	-	-	-	-	-	-
Total Business-Type Activities Expense	3,519,783	3,623,411	3,624,835	3,680,347	4,196,547	4,024,766	4,140,455	4,624,431	4,468,923	4,026,284
Total District Expenses	\$ 143,595,781	\$ 145,419,689	\$ 146,713,649	\$ 147,935,056	\$ 158,692,483	\$ 155,983,469	\$ 173,956,783	\$ 185,772,038	\$ 201,126,890	\$ 208,742,230
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)		\$ 73,741	\$ 133,882	\$ 165,595	\$ 197,090	\$ 224,759	\$ 340,224	\$ 492,641	\$ 501,492	\$ 454,345
Pupil Transportation	\$ 6,050	9,476	4,113	4,862	2,210	6,713	10,327	17,680	4,041	22,958
Operations and Maintenance						6,967	14,803	27,219	35,142	22,000
Central And Other Support Services		33,993	13,911							
Operating Grants And Contributions	20,768,547	24,635,038	19,604,323	21,655,220	24,945,853	23,255,831	37,566,708	43,431,077	55,288,979	61,786,833
Capital Grants And Contributions	477,119	-	238,951	-	-	33,008	681,110	1,966,585	833,578	384,562
Total Governmental Activities Program Revenues	21,251,716	24,752,248	19,995,180	21,825,677	25,145,153	23,527,278	38,613,172	45,935,202	56,663,232	62,670,698

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Charges For Services										
Food Service	\$ 1,276,337	\$ 1,196,709	\$ 1,217,436	\$ 1,209,131	\$ 1,335,967	\$ 1,231,275	\$ 1,345,128	\$ 1,280,300	\$ 1,273,769	\$ 1,214,783
Child Care	1,060,079	982,827	891,065	887,099	828,992	779,896	892,225	875,555	931,737	787,705
Other Business-Types	67,941	22,118								
Operating Grants And Contributions	1,106,970	1,362,697	1,494,268	1,663,011	1,790,184	2,159,203	2,306,793	2,613,245	2,677,555	2,521,957
Capital Grants And Contributions	-	16,882	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	3,511,327	3,581,233	3,602,769	3,759,241	3,955,143	4,170,374	4,544,146	4,769,100	4,883,061	4,524,445
Total District Program Revenues	\$ 24,763,043	\$ 28,333,481	\$ 23,597,949	\$ 25,584,918	\$ 29,100,296	\$ 27,697,652	\$ 43,157,318	\$ 50,704,302	\$ 61,546,293	\$ 67,195,143
Net (Expense)/Revenue										
Governmental Activities	\$ (118,824,282)	\$ (117,044,030)	\$ (123,093,634)	\$ (122,429,032)	\$ (129,350,783)	\$ (128,431,425)	\$ (131,203,156)	\$ (135,212,405)	\$ (139,994,735)	\$ (142,045,248)
Business-Type Activities	(8,456)	(42,178)	(22,066)	78,894	(241,404)	145,608	403,691	144,669	414,138	498,161
Total District-Wide Net Expense	\$ (118,832,738)	\$ (117,086,208)	\$ (123,115,700)	\$ (122,350,138)	\$ (129,592,187)	\$ (128,285,817)	\$ (130,799,465)	\$ (135,067,736)	\$ (139,580,597)	\$ (141,547,087)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 103,710,205	\$ 107,858,613	\$ 113,522,271	\$ 116,566,508	\$ 119,844,543	\$ 122,328,118	\$ 124,774,680	\$ 127,310,166	\$ 129,856,369	\$ 132,453,496
Taxes Levied For Debt Service	5,555,972	5,473,040	5,256,152	5,179,875	4,998,351	4,824,932	4,626,751	6,830,644	8,171,550	8,095,840
Federal and State Aid Unrestricted	6,012,350	4,675,225	5,635,918	5,394,973	5,723,451	5,667,033	5,652,255	5,606,723	6,118,413	6,162,208
Investment Earnings	186,141	147,413	104,097	20,304	17,668	21,682	53,351	277,087	607,324	517,945
Miscellaneous Income	249,250	185,687	368,633	742,648	229,302	410,355	985,249	327,667	676,348	635,398
Transfers	-	-	-	-	-	-	-	-	179,150	-
Total Governmental Activities	115,713,918	118,339,978	124,887,071	127,904,308	130,813,315	133,252,120	136,092,286	140,352,287	145,609,154	147,864,887
Business-Type Activities:										
Investment Earnings	10,482	4,104	2,427	2,246	2,071	1,985	1,669	2,073	4,792	14,305
Miscellaneous Income										
Transfers	-	-	-	-	-	-	-	-	(179,150)	-
Total Business-Type Activities	10,482	4,104	2,427	2,246	2,071	1,985	1,669	2,073	(174,358)	14,305
Total District-Wide	\$ 115,724,400	\$ 118,344,082	\$ 124,889,498	\$ 127,906,554	\$ 130,815,386	\$ 133,254,105	\$ 136,093,955	\$ 140,354,360	\$ 145,434,796	\$ 147,879,192
Change in Net Position										
Governmental Activities	\$ (3,110,364)	\$ 1,295,948	\$ 1,793,437	\$ 5,475,276	\$ 1,462,532	\$ 4,820,695	\$ 4,889,130	\$ 5,139,882	\$ 5,614,419	\$ 5,819,639
Business-Type Activities	2,026	(38,074)	(19,639)	81,140	(239,333)	147,593	405,360	146,742	239,780	512,466
Total District	\$ (3,108,338)	\$ 1,257,874	\$ 1,773,798	\$ 5,556,416	\$ 1,223,199	\$ 4,968,288	\$ 5,294,490	\$ 5,286,624	\$ 5,854,199	\$ 6,332,105

Source: School District's financial statements

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

	2009	2010	2011	2012	Fiscal Year Ended June 30,		2015	2016	2017	2018
					2013	2014				
General Fund										
Reserved	\$ 3,733,172	\$ 546,341								
Unreserved	1,797,093	2,260,009								
Nonspendable			\$ 51,745	\$ 47,811	\$ 98,510	\$ 5,500	\$ 35,335	\$ 21,876	\$ 12,200	\$ 12,200
Restricted			469,450	2,408,526	1,484,755	5,047,571	7,841,547	13,106,296	16,663,302	17,411,830
Committed			95,106							694,066
Assigned			2,178,215	2,055,391	2,200,295	2,036,714	1,189,076	118,255	253,335	832,138
Unassigned	-	-	(161,953)	537,201	178,520	201,785	277,833	284,642	580,418	813,838
Total General Fund	<u>\$ 5,530,265</u>	<u>\$ 2,806,350</u>	<u>\$ 2,632,563</u>	<u>\$ 5,048,929</u>	<u>\$ 3,962,080</u>	<u>\$ 7,291,570</u>	<u>\$ 9,343,791</u>	<u>\$ 13,531,069</u>	<u>\$ 17,509,255</u>	<u>\$ 19,764,072</u>
All Other Governmental Funds										
Reserved	\$ 218,637	\$ 1,096,972								
Unreserved	(268,312)	(260,118)								
Restricted			\$ 25,111	\$ 10,124	\$ 2,316,066	\$ 678,169	\$ 90,335,118	\$ 80,207,818	\$ 56,933,623	\$ 19,888,865
Unassigned	-	-	-	(119,872)	(42,798)	(83,684)	(82,338)	-	-	-
Total All Other Governmental Funds	<u>\$ (49,675)</u>	<u>\$ 836,854</u>	<u>\$ 25,111</u>	<u>\$ (109,748)</u>	<u>\$ 2,273,268</u>	<u>\$ 594,485</u>	<u>\$ 90,252,780</u>	<u>\$ 80,207,818</u>	<u>\$ 56,933,623</u>	<u>\$ 19,888,865</u>

Source: School District's financial statements

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property Tax Levy	\$109,266,177	\$ 113,331,653	\$ 118,778,423	\$ 121,746,383	\$ 124,842,894	\$127,153,050	\$ 129,401,431	\$ 134,140,810	\$ 138,027,919	\$ 140,549,336
Interest Earnings	186,141	147,413	104,097	20,304	17,668	21,682	53,351	277,087	607,324	517,945
Miscellaneous	278,290	346,113	559,070	941,205	514,069	656,704	1,351,593	881,268	1,677,775	1,147,666
State Sources	24,303,925	24,641,410	20,636,160	24,265,977	27,154,099	25,646,793	27,934,086	30,928,420	33,493,455	36,199,353
Federal Sources	2,931,101	4,625,637	4,804,501	2,756,116	3,429,738	3,301,169	3,768,046	3,766,343	3,642,261	3,494,233
Total Revenue	136,965,634	143,092,226	144,882,251	149,729,985	155,958,468	156,779,398	162,508,507	169,994,128	177,448,734	181,908,533
Expenditures										
Instruction										
Regular Instruction	50,682,415	50,479,575	49,798,775	51,260,986	56,143,236	54,732,571	56,656,766	61,155,988	62,041,442	66,453,755
Special Education Instruction	22,986,773	24,208,814	25,009,408	23,478,244	27,328,262	26,318,104	27,444,933	26,605,432	27,558,120	27,601,435
Vocational Education- Tuition	222,850	276,847	290,720	250,761	192,500	200,630	155,650	215,633	207,875	213,482
Other Instruction	4,724,311	4,780,010	4,722,248	5,267,425	5,416,071	5,710,428	5,615,190	4,264,542	6,538,363	6,360,406
School Sponsored Activities and Athletics	1,598,045	1,633,437	1,552,815	1,759,726	1,771,816	1,787,615	1,780,494	2,305,978	2,020,633	2,041,598
Adult/Continuing Education	214,703	190,908								
Support Services:										
Student and Inst. Related Services	15,888,318	17,881,242	19,912,229	21,105,381	19,779,023	18,318,408	17,830,765	20,358,885	20,539,951	21,388,567
School Administrative Services	5,660,521	6,053,385	5,858,446	6,321,732	6,857,877	7,000,686	7,306,968	6,968,106	7,244,714	7,439,705
General Administrative	2,666,626	1,909,371	2,114,949	2,251,227	2,594,094	2,486,621	2,197,604	2,429,740	2,420,246	2,731,384
Plant Operations And Maintenance	15,104,864	14,325,775	13,943,526	12,957,922	13,672,081	14,210,136	16,007,608	16,665,237	16,272,328	16,478,657
Pupil Transportation	12,141,341	12,594,331	12,702,501	12,750,025	13,274,603	13,463,141	13,477,190	13,087,024	13,456,970	13,245,003
Other Support Services	2,839,693	2,992,863	2,624,129	2,639,022	2,894,371	3,079,272	3,127,798	2,907,905	3,440,528	3,630,295
Employee Benefits										
Special Schools										
Capital Outlay	893,809	2,201,438	2,011,559	2,226,152	2,796,427	2,213,056	2,755,435	10,879,891	24,647,177	39,484,936
Debt Service:										
Principal	3,310,000	3,715,000	3,365,000	3,350,000	4,049,267	4,074,459	4,035,028	4,085,717	6,691,529	5,915,000
Interest and Other Charges	2,257,658	1,686,716	1,962,476	1,829,875	1,826,494	1,533,564	1,421,562	4,029,647	3,844,017	3,714,251
Total Expenditures	141,191,927	144,929,712	145,868,781	147,448,478	158,596,122	155,128,691	159,812,991	175,959,725	196,923,893	216,698,474
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(4,226,293)	(1,837,486)	(986,530)	2,281,507	(2,637,654)	1,650,707	2,695,516	(5,965,597)	(19,475,159)	(34,789,941)
Other Financing Sources (Uses)										
Refunding Bonds Issued	24,970,000				3,220,000	-	-	8,700,000		
Payment to Refunded Bond Escrow Agent	(25,265,000)				(3,258,625)	-	-	(9,851,130)		
Original Issue Premium	2,893,497				122,446	-	-	1,259,043		
Refunding Bond Issuance Costs	(211,126)									
Advance Refunding Escrow	(2,387,371)									
capital Leases (non-budgeted)										
Bond Proceeds							81,480,000	-	-	-
Lease Purchase Proceeds					3,850,000	-	7,535,000	-	-	-
Transfers In	173,107	2,684,056		536,238	1,344,066	409,041	4,323,252	4,081,918	2,618,928	6,226,843
Transfers Out	(173,107)	(2,684,056)	-	(536,238)	(1,344,066)	(409,041)	(4,323,252)	(4,081,918)	(2,439,778)	(6,226,843)
Total Other Financing Sources (Uses)	-	-	-	-	3,933,821	-	89,015,000	107,913	179,150	-
Net Change in Fund Balances	\$ (4,226,293)	\$ (1,837,486)	\$ (986,530)	\$ 2,281,507	\$ 1,296,167	\$ 1,650,707	\$ 91,710,516	\$ (5,857,684)	\$ (19,296,009)	\$ (34,789,941)
Debt Service as a Percentage of										
Noncapital Expenditures	3.97%	3.78%	3.70%	3.57%	3.77%	3.67%	3.47%	4.92%	6.12%	5.43%

* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u> *	<u>Energy Rebates & E-Rate</u>	<u>Total</u>
2009	\$ 186,127	\$ 255,300		\$ 441,427
2010	147,413	302,896		450,309
2011	104,097	520,540		624,637
2012	20,304	902,981		923,285
2013	17,410	428,602		446,012
2014	21,599	410,790		432,389
2015	41,665	1,308,881	\$ 40,743	1,391,289
2016	44,158	677,078	188,129	909,365
2017	109,925	1,069,285	147,738	1,326,948
2018	248,339	746,635	388,066	1,383,040

Source: District Records

* Includes tuition and transportation fees

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2009	\$ 184,284,150	\$6,367,591,200	\$ 54,596,700	\$ 2,552,600	\$ 1,583,502,300	\$ 1,011,952,300	\$ 395,120,110	\$9,599,599,360	\$ 15,837,185	\$9,599,599,350	\$ 8,981,779,267	\$ 1.158
2010	169,438,250	6,132,246,200	53,574,000	2,591,200	1,519,943,600	956,461,000	369,729,000	9,203,983,250	17,107,016	9,221,090,266	8,807,985,422	1.259
2011	145,990,550	6,140,490,060	53,565,500	2,515,100	1,575,946,400	930,753,500	373,499,000	9,222,760,110	13,553,369	9,236,313,479	9,038,656,371	1.947
2012	135,353,750	6,011,415,000	52,982,700	2,531,400	1,512,771,600	870,587,700	380,959,000	8,966,601,150	13,443,173	8,980,044,323	8,716,929,024	1.373
2013	127,484,650	5,921,770,300	52,241,000	2,451,900	1,480,199,000	865,740,400	403,781,000	8,853,668,250	15,113,394	8,868,784,644	8,939,497,440	1.421
2014	129,253,500	5,983,129,300	53,223,300	2,449,300	1,465,301,800	881,516,000	423,310,000	8,938,183,200	12,878,452	8,951,061,702	8,934,609,316	1.434
2015	114,843,950	6,108,979,900	53,503,200	2,436,200	1,458,437,700	876,347,100	430,110,700	9,044,658,750	13,834,966	9,058,493,716	9,086,544,843	1.455
2016	105,991,250	6,264,115,500	53,070,100	2,314,900	1,439,253,800	892,254,300	474,560,700	9,231,560,550	14,642,198	9,246,202,748	9,190,912,559	1.472
2017	99,770,650	6,366,488,100	52,349,100	2,283,000	1,502,516,000	929,682,300	542,940,000	9,496,029,150	14,934,510	9,510,963,660	9,434,853,645	1.465
2018	101,772,150	6,521,617,200	52,797,000	2,217,600	1,498,053,600	1,001,819,500	613,370,000	9,791,647,050	15,544,197	9,807,191,247	10,002,118,920	1.458

Source: County Abstract of Ratables

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

<u>Calendar Year</u>	<u>Local School</u>	<u>Municipal Tax</u>	<u>County Tax</u>	<u>Total Tax Levy</u>
2018	\$ 142,956,862	\$ 43,408,523	\$ 35,001,914	\$ 221,367,299
2017	140,847,318	42,795,871	33,317,992	216,961,181
2016	136,084,365	42,597,608	32,194,174	210,876,147
2015	131,771,120	41,904,020	31,480,957	205,156,097
2014	128,277,241	40,774,660	30,571,732	199,623,633
2013	125,997,973	39,480,257	29,671,271	195,149,501
2012	123,294,639	38,261,670	29,745,051	191,301,359
2011	120,262,403	34,291,090	26,892,382	181,445,875
2010	116,055,038	34,947,230	28,443,626	179,445,894
2009	111,298,915	33,989,251	28,307,600	173,595,766

Per \$100 Of Assessed Valuation

2018	1.458	0.358	0.323	2.139
2017	1.465	0.449	0.348	2.262
2016	1.472	0.46	0.349	2.281
2015	1.455	0.462	0.348	2.265
2014	1.434	0.455	0.342	2.231
2013	1.421	0.445	0.335	2.201
2012	1.373	0.426	0.332	2.131
2011	1.302	0.421	0.323	2.046
2010	1.259	0.378	0.31	1.947
2009	1.158	0.353	0.295	1.810

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

Taxpayer	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
Avalonbay Communities, Inc.	\$ 93,500,000	0.955%
Morgan Stanley MGT % Frank Torres	92,780,000	0.948%
Franklin Greens c/o Fieldstone Properties	71,720,000	0.732%
800 Cottontail, LLC % Sentinel Critica	62,659,400	0.640%
Levin Properties LP	57,950,000	0.592%
SG 2007-FL 14 NJOP Holdings LLC	54,400,000	0.556%
Green Hill Manor Developers LLC	53,700,000	0.548%
Suburban Partners % Fieldstone Properties	48,400,000	0.494%
PR KC Somersetnerco, LP Prudential	48,057,500	0.491%
La Fonge Associates	46,500,000	0.475%
	\$ 629,666,900	6.432%

Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
I&G Garden State, LLC	\$ 138,238,000	1.440%
Suntrust Bank C/O Cardinal	60,424,400	0.629%
290 Davidson Avenue	58,542,000	0.610%
Segal Realty Corp.	56,100,000	0.584%
Corporate Real Est. Holding %C&W Inc.	55,940,000	0.583%
Philips Electronics	50,380,000	0.525%
Green Hill Manor Developers LLC	49,000,000	0.510%
Leving Properties	48,368,000	0.504%
Wood West Realty, LLC	43,630,000	0.454%
Togar Korman Venture III LCL	43,495,000	0.454%
	\$ 604,117,400	6.29%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 109,266,177	\$ 109,266,177	100.00%	-
2010	113,331,653	113,331,653	100.00%	-
2011	118,778,423	118,778,423	100.00%	-
2012	121,746,383	121,193,063	99.55%	\$ 553,320
2013	124,842,894	124,842,894	100.00%	-
2014	127,153,050	127,153,050	100.00%	-
2015	129,401,431	129,401,431	100.00%	-
2016	134,140,810	134,140,810	100.00%	-
2017	138,027,919	138,027,919	100.00%	-
2018	140,549,336	140,549,336	100.00%	-

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase Agreements			
2009	\$ 50,160,000		\$ 50,160,000	62,124	\$ 807
2010	46,445,000		46,445,000	62,903	738
2011	43,080,000		43,080,000	62,535	689
2012	39,730,000		39,730,000	63,113	630
2013	36,460,000	\$ 3,095,733	39,555,733	63,674	621
2014	33,145,000	2,336,274	35,481,274	65,195	544
2015	111,360,000	9,101,246	120,461,246	65,598	1,836
2016	107,195,000	8,235,529	115,430,529	66,078	1,747
2017	101,510,000	7,229,000	108,739,000	66,406	1,637
2018	95,815,000	7,009,000	102,824,000	66,734 (E)	1,541

(E) Estimated

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 50,160,000		\$ 50,160,000	0.52%	\$ 807
2010	46,445,000		46,445,000	0.50%	738
2011	43,080,000		43,080,000	0.47%	689
2012	39,730,000		39,730,000	0.44%	630
2013	36,460,000		36,460,000	0.41%	573
2014	33,145,000		33,145,000	0.37%	508
2015	111,360,000		111,360,000	1.23%	1,698
2016	107,195,000	\$ 18,276	107,176,724	1.16%	1,622
2017	101,510,000	209,062	101,300,938	1.07%	1,525
2018	95,815,000	203,025	95,611,975	0.97%	1,433

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(Unaudited)

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Government</u>
Overlapping Debt Apportioned to the Municipality:			
Municipal Debt (1)			
Township of Franklin	\$ 63,643,126	100.00%	\$ 63,643,126
County Debt (2)			
Somerset County	32,547,010		32,547,010
Other (3)			
Franklin Township Sewerage Authority	9,104,563	100.00%	<u>9,104,563</u>
Total Overlapping Debt			<u>105,294,699</u>
Direct Debt- Franklin Township Public Schools (as of June 30, 2018)			<u>102,620,975</u>
Total Direct and Overlapping Debt			<u>\$ 207,915,674</u>

Source:

(1) Township's 2017 Annual Debt Statement

(2) The debt for this entity was apportioned to Township by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Somerset County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
	2017 \$ 10,090,350,813
	2016 9,220,495,955
	2015 <u>9,012,214,777</u>
	<u>\$ 28,323,061,545</u>
Average equalized valuation of taxable property	\$ 9,441,020,515
Debt limit (4 % of average equalization value)	377,640,821 ^a
Total Net Debt Applicable to Limit	
Legal debt margin	<u>\$ 377,640,821</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 356,883,087	\$ 373,690,715	\$ 380,696,199	\$ 380,821,265	\$ 362,382,359	\$ 362,382,359	\$ 356,377,811	\$ 357,946,605	\$ 363,506,706	\$ 377,640,821
Total Net Debt Applicable to Limit	<u>50,160,000</u>	<u>46,445,638</u>	<u>43,080,638</u>	<u>39,730,638</u>	<u>36,460,000</u>	<u>33,145,000</u>	<u>111,360,257</u>	<u>107,195,257</u>	<u>101,510,257</u>	<u>95,815,257</u>
Legal Debt Margin	<u>\$ 306,723,087</u>	<u>\$ 327,245,077</u>	<u>\$ 337,615,561</u>	<u>\$ 341,090,627</u>	<u>\$ 325,922,359</u>	<u>\$ 329,237,359</u>	<u>\$ 245,017,554</u>	<u>\$ 250,751,348</u>	<u>\$ 261,996,449</u>	<u>\$ 281,825,564</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.06%	12.43%	11.32%	10.43%	10.06%	9.15%	31.25%	29.95%	27.93%	25.37%

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

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

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

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Somerset County)</u>	<u>Population</u>
2008	4.9%	\$ 70,534	62,124
2009	8.5%	73,658	62,903
2011	8.5%	69,579	62,535
2012	8.0%	69,610	63,113
2013	8.3%	71,919	63,674
2014	7.3%	75,678	65,195
2015	5.7%	78,762	65,598
2016	4.9%	82,666	66,078
2017	4.6%	87,930	66,406
2018	4.2%	90,268	66,734

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

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

<u>Employer</u>	<u>2018</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

0.00%

0.00%

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

<u>Function/Program</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>	<u>2018</u>
Instruction										
Regular	772	749	697	463	487	491	497	495	497	499
Special Education				296	277	279	281	285	286	292
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	117	109	148	151	142	143	144	146	147	149
General Administration	6	6	8	7	7	6	6	6	6	6
School Administrative Services	57	47	50	49	47	46	46	46	47	47
Other Administrative Services										
Central Services	22	18	17	17	18	19	19	19	19	19
Administrative Information Technology	10	10	10	9	11	11	11	11	11	11
Plant Operations And Maintenance	145	130	123	144	148	147	146	146	146	146
Pupil Transportation	28	28	26	22	24	24	22	21	19	16
Other Support Services		-								
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>1,157</u>	<u>1,097</u>	<u>1,077</u>	<u>1,158</u>	<u>1,161</u>	<u>1,166</u>	<u>1,172</u>	<u>1,175</u>	<u>1,178</u>	<u>1,185</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2009	7,951	\$ 134,730,460	\$ 16,945	3.06%	699	11.1:1	7.9:1	11.0:1	7,600	7,205	-0.17%	94.80%
2010	8,120	137,326,558	16,912	-0.19%	725	11.6:1	8.0:1	11.7:1	7,747	7,363	1.93%	95.04%
2011	8,172	138,529,746	16,952	0.23%	747	11.6:1	8.0:1	11:06	7,826	7,453	1.02%	95.23%
2012	8,145	140,042,451	17,194	1.43%	641	12:07:01	9:08:01	12:01	7,767	7,420	-0.75%	95.53%
2013	8,281	149,923,934	18,105	5.30%	644	11.1:1	9.6:1	11.8:1	7,640	7,272	-1.64%	95.18%
2014	8,138	147,307,612	18,101	-0.02%	653	12.1:2	10.2:1	12.1:1	7,633	7,276	-1.73%	95.32%
2015	7,782	151,600,966	19,481	7.62%	659	11.7:1	10:01	10.8:1	7,494	7,144	-3.51%	95.33%
2016	7,560	156,964,470	20,762	6.58%	665	11.4:1	9.95:1	10.6:1	7,298	6,966	-4.48%	95.45%
2017	7,819	161,741,170	20,686	-0.37%	704	7.6:1	12.2:1	15.2:1	7,203	6,864	-5.63%	95.29%
2018	7,243	167,584,287	23,137	11.85%	692	7.4:1	10.5:1	11.4:1	7,097	6,736	-5.30%	94.91%

Sources: District records

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

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

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building											
Elementary											
Conerly Road School (1966, Add 1998)											
Square Feet		46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)		410	410	410	410	410	410	410	410	410	410
Enrollment		481	486	502	480	453	448	435	409	427	
Elizabeth Ave School (1957, Add 1998, 2004)											
Square Feet	** (4)	48,919	48,919	48,919	48,919	48,919	48,919	48,919	58,159	58,159	58,159
Capacity (students)		513	513	513	513	513	513	513	513	513	513
Enrollment		501	489	614	624	624	653	659	617	582	
Franklin Park School (1998)											
Square Feet		99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)		773	773	773	773	773	773	773	773	773	773
Enrollment (inc. Annex)		1,009	1,106	904	877	875	940	890	842	786	
Franklin Park Annex (1957)											
Square Feet	** (1)	18,247	18,247	23,827	23,827	23,827	inc above	inc above	inc above	inc above	inc above
Capacity (students)		87	87	135	135	135	inc above	inc above	inc above	inc above	inc above
Enrollment		115	79	138	139	108	-	-	-	-	
Hillicrest School (1958)											
Square Feet	** (2)	52,122	52,122	52,122	52,122	52,122	52,122	52,122	56,742	56,742	56,742
Capacity (students)		488	488	488	488	488	488	488	488	488	488
Enrollment		476	483	507	465	440	422	392	422	429	
MacAfee Road School (1966, Add 2004)											
Square Feet	** (2)	46,449	46,449	46,449	46,449	46,449	46,449	46,449	51,069	51,069	51,069
Capacity (students)		432	432	432	432	432	432	432	432	432	432
Enrollment		446	496	489	492	470	447	429	413	396	
Pine Grove Manor (1931, Add 2004)											
Square Feet	** (1)	51,212	51,212	51,212	51,212	51,212	51,212	51,212	53,522	53,522	53,522
Capacity (students)		400	400	400	400	400	400	400	400	400	400
Enrollment		457	443	453	439	443	414	396	385	388	
Sampson G. Smith School (1968)											
Square Feet	** (2)	134,290	134,290	134,290	134,290	134,290	134,290	134,290	138,910	138,910	138,910
Capacity (students)		1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment		1,044	1,110	1,192	1,164	1,136	1,134	1,086	1,031	1,027	

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Middle School (2006)/High School (1960-2005)</u>										
Franklin Middle School (1960)										
Square Feet	228,078	228,078	228,078	228,078	222,553	222,553	222,553	222,553	222,553	222,553
Capacity (students)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Enrollment	1,053	1,032	1,044	1,055	1,060	1,092	1,084	1,093	1,042	
<u>High School</u>										
Franklin High School (2005)										
Square Feet	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000
Capacity (students)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Enrollment	2,028	2,017	1,977	2,013	2,036	2,100	2,127	2,090	2,116	

Number of Schools at June 30, 2018
 Elementary = 7
 Middle School = 1
 Senior High School = 1

Source: District Records

**Facility square footage includes trailers at site

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

*School Facilities	Project #	2009	2010	2011	2012	2013	2014	2015	2016	2017	\$2,018
Franklin Twp. High School	NA	\$ 194,060	\$ 152,585	\$ 123,938	\$ 148,185	\$ 148,648	\$ 140,938	\$ 221,911	\$ 136,353	\$ 146,216	\$ 184,972
Franklin Middle School	NA	195,241	153,891	145,532	140,082	115,695	119,165	93,287	164,207	73,032	158,936
Conerly Road School	NA	33,403	38,333	18,716	15,145	16,368	8,348	30,656	15,955	10,527	43,974
Elizabeth Ave School	NA	31,145	68,865	17,876	50,624	76,991	35,189	38,394	17,398	40,294	31,295
Franklin Park School	NA	66,782	74,180	58,536	90,434	139,129	67,150	70,518	49,990	88,298	91,543
Hillcrest School	NA	108,773	36,424	33,249	89,175	59,052	23,924	36,633	18,897	39,808	68,282
MacAfee Road School	NA	49,928	51,578	24,842	61,531	75,516	31,004	85,723	21,035	14,700	47,370
Pine Grove Manor School	NA	122,141	87,301	36,268	71,241	33,320	64,253	89,832	35,213	16,420	20,907
Sampson G. Smith School	NA	76,522	140,306	130,338	72,249	143,202	136,736	97,752	44,107	98,946	106,047
Total School Facilities		\$ 877,995	\$ 803,463	\$ 589,295	\$ 738,666	\$ 807,921	\$ 626,707	\$ 764,706	\$ 503,155	\$ 528,241	\$ 753,326
Other Facilities											
Kingston School											
Administration Building		\$ 26,441	\$ 20,551	\$ 15,261	\$ 41,640	\$ 21,824	\$ 19,950	\$ 107,302	\$ 42,930	\$ 12,115	\$ 56,417
Maintenance Building		19,266	28,418	34,100	41,740	37,215	54,843	58,019		31,169	60,393
Transportation Trailer		2,751	1,412	1,988	4,064	1,718	3,232	15,309		269	32
Bunker Hill Environmental Center		2,454	6,033	668	-	-	-	-	-	-	-
Total Other Facilities		\$ 50,912	\$ 56,414	\$ 52,017	\$ 87,444	\$ 60,757	\$ 78,025	\$ 180,630	\$ 42,930	\$ 43,553	\$ 116,842
Grand Total		\$ 928,907	\$ 859,877	\$ 641,312	\$ 826,110	\$ 868,678	\$ 704,732	\$ 945,336	\$ 546,085	\$ 571,794	\$ 870,168

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2018
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>	
<u>SCHOOL PACKAGE POLICY</u>			
<u>Selective Insurance Company</u>			
Property - Blanket Buildings and Contents	\$248,257,682	\$5,000	
Artificial Turf	\$787,987		
Equipment Breakdown	follows property limits	follows property ded	
Business Income- Blanket	\$3,000,000		
Extra Expense			
Elitepac Extensions of Coverage-Schools	Included	72 hrs	
Employee Dishonesty	\$100,000	\$2,500	
Theft, Disappearance and Destruction			
Loss of Monies and Securities on Premises	\$25,000	\$2,500	
Loss of Monies and Securities off Premises	\$15,000	\$2,500	
Money Orders and Counterfeit Paper Currency	\$5,000	\$2,500	
Forgery or Alteration	\$100,000	\$2,500	
Inland Marine Floater			
Computer - at insured locations, Transit \$1,020,018, Extra Expense \$500,200	\$10,200,080	\$1,000	
Musical Instruments	\$952,526	\$1,000	
Flood	\$10,000,000	\$25,000	
Earthquake	\$10,000,000	\$25,000	
<u>AUTO POLICY</u>			
<u>SAIG Insurance</u>			
Comprehensive Automobile Liability	\$21,000,000		
Auto Physical Damage - Comprehensive:		\$1,000	
Coverage (Actual Cash Value)			
Auto Physical Damage - Collision:		\$1,000	
Coverage (Actual Cash Value)			
Hired Car Physical Damage	\$ 110,000	\$ 1,000	
<u>EDUCATOR'S LEGAL LIABILITY - Errors & Omissions</u>			
Educator's Legal including Employment Practices			
Limits of Liability			
	Coverage A	\$21,000,000 each policy period	\$ 20,000
(Defense Only)	Coverage B	\$100,000/claim	\$ 20,000
	Coverage B Aggregate	\$300,000	\$ 20,000
<u>FLOOD INSURANCE</u>			
Franklin High School	500,000	5,000	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2018
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
<u>BONDS</u>		
Selective Insurance		
Public Official		
Interim Assistant Superintendent for Business/Board Secretary	\$150,000	
James H. Strimple, Jr. (7/1/17-8/26/17)		
Selective Insurance		
Public Official		
Assistant Superintendent for Business/Board Secretary	\$600,000	
Jon Toth 8/27/17 - 6/30/18		
Selective Insurance		
Public Official		
Treasurer of School Monies	\$575,000	
Kim Esterman		
<u>WORKERS COMPENSATION</u>		
Excess Workers' Compensation		
Self Insured Retention		
Each Accident	\$700,000	
Each Employee for Disease	\$700,000	
Specific Limit Each Accident	Statutory	
Policy Part One, Workers' Compensation	\$1,000,000	
Policy Part Two, Employers Liability		
Specific Limit Each Employee for Disease		
Policy Part One, Workers' Compensation	Statutory	
Policy Part Two, Employers Liability	\$1,000,000	
<u>CYBER RISK</u>		
Total Limit of Liability		
Sublimits of Liability:		
Media Content Insurance	\$1,000,000	\$25,000
Security & Privacy Liability	\$1,000,000	\$25,000
Regulatory Defense Expenses	\$1,000,000	\$25,000
Event Management Insurance	\$1,000,000	\$25,000
Cyber Extortion Insurance	\$1,000,000	\$25,000
Business Interruption	\$500,000	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2018
(UNAUDITED)

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin Township Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 and which are described in the accompanying schedule of findings and questioned costs as item 2018-001

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Franklin Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 23, 2019.

Franklin Township Public Schools' Responses to Findings

The Franklin Township Public Schools' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Franklin Township Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Lerch, Vinci & Higgins, LLP

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

DLJ
Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
January 23, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Franklin Township Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Franklin Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2018. The Franklin Township Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Franklin Township Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2018 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 January 23, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins, LLP

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



Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
January 23, 2019

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Award Grand Period	Award Amount	Balance, July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment- Prior Year Encumbrances	Repayment of prior year Balance	Adjustment Carryover- Receivables	Balance, June 30, 2018			MEMO GAAP Receivable	
													(Accounts Receivable)	Unearned Revenue	Due To Grantor		
U.S. Department of Health & Human Services- Passed through State Dept. of Education																	
General Fund																	
Medical Assistance Program	93.778	1705NJ5MAP	N/A	7/1/17-6/30/18	\$ 183,962	-	-	\$ 183,962	\$ 183,962	-	-	-	-	-	-	-	-
Total U.S. Department of Health and Human Services/General Fund																	

U.S. Department of Education Passed-through State Dept. of Education																	
ESEA Title I A	84.010	S010A170030	ESEA1610-18	7/1/17-6/30/18	846,759		\$ 122,087	773,067	907,906			\$ (122,087)	\$ (195,779)	\$ 60,940		\$ (134,839)	
NCLB Title I A	84.010	S010A160030	NCLB1610-17	7/1/16-6/30/17	813,915	\$ (247,142)	(122,087)	247,142				122,087	-	-	-	-	
ESEA Title IIA	84.367A	S367A170029	ESEA 1610-18	7/1/17-6/30/18	185,377		73,283	171,061	221,185			73,283	(87,599)	37,475		(50,124)	
NCLB Title IIA	84.367A	S367A160029	NCLB 1610-17	7/1/16-6/30/17	203,531	(122,530)	(73,283)	122,530				(73,283)	-	-	-	-	
ESEA Title III	84.365A	S365A170030	ESEA 1610-18	7/1/17-6/30/18	135,315		36,915	124,165	133,866			(36,915)	(48,065)	38,364		(9,701)	
NCLB Title III	84.365A	S365A160030	NCLB 1610-17	7/1/16-6/30/17	157,360	(34,107)	(36,915)	34,107				36,915	-	-	-	-	
ESEA Title III- Immigrant	84.365A	S365A170030	ESEA 1610-18	7/1/17-6/30/18	21,793			21,125	21,125			-	(668)	668		-	
NCLB Title III- Immigrant	84.365A	S365A160030	NCLB 1610-17	7/1/16-6/30/17	25,729	(8,306)		8,306				-	-	-	-	-	
ESEA Title IV	84.424	S424A170031	ESEA 1610-18	7/1/17-6/30/18	10,997			7,969	7,969				(3,028)	3,028		-	
I.D.E.A. Part B, Preschool	84.173	H183A150114	PS-0555-18	7/1/17-6/30/18	63,281		610	52,164	63,890			(610)	(11,727)	1		(11,726)	
I.D.E.A. Part B, Preschool	84.173	H173A150114	PS-0555-17	7/1/16-6/30/17	63,382	(19,882)	(610)	19,882				610	-	-	-	-	
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	FT-0555-18	7/1/17-6/30/18	1,931,590		80,565	1,663,677	1,889,580	\$ 225		(80,565)	(348,478)	122,575	\$ 225	(225,903)	
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	FT-0555-17	7/1/16-6/30/17	1,929,074	(317,565)	(80,565)	317,565				80,565	-	-	-	-	
Total Special Education Cluster IDEA																	

Temporary Emergency Impact Aid	84.938C	S938C18005	N/A	7/1/17-6/30/18	64,750	-	-	-	64,750	-	-	-	(64,750)	-	-	-	(64,750)
Total U.S. Department of Education/Special Revenue Fund																	

U.S. Department of Agriculture Passed-through State Dept. of Ed. Enterprise Fund:																	
National School Lunch Program																	
Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	1,521,143			1,376,315	1,521,143				(144,828)			(144,828)	
Cash Assistance		171NJ304N1099		7/1/16-6/30/17	1,609,971	(80,004)		80,004					-			-	
Non-Cash Assistance				7/1/17-6/30/18	262,249			262,249	244,903					17,346			
Non-Cash Assistance				7/1/16-6/30/17	288,588	17,101		17,101					-			-	
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	700,630			629,853	700,630				(70,777)			(70,777)	
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	741,020	(41,151)		41,151					-			-	
Total National School Lunch Program Cluster																	

Total Federal Financial Awards																	

					\$ (853,586)	\$ -	\$ 6,136,294	\$ 5,978,010	\$ 225	\$ -	\$ -	\$ (975,699)	\$ 280,397	\$ 225	\$ (712,648)		

156

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Department of Education General Fund Grant or State Project Number	Grant Period	Award Amount	Balance, Jan. 1, 2017	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2018		Due To County	GAAP Account Receivable	MEMO Cumulative Total Expenditures
								Account Receivable	Unencumbered Amount			
State Grants/Program Title												
Special Education Aid	18-195-034-S120-049	7/1/17-6/30/18	\$ 5,044,696	4,574,575	5,044,696	-	-	(470,121)	-	-	-	5,044,696
Special Education Aid	17-195-034-S120-049	7/1/16-6/30/17	5,044,696	500,104	5,044,696	-	-	(51,751)	-	-	-	5,096,413
Equalization Aid	18-495-034-S120-078	7/1/16-6/30/17	5,706,043	5,174,292	5,706,043	-	-	(51,492)	-	-	-	5,706,043
Security Aid	18-495-034-S120-048	7/1/16-6/30/17	5,500,347	5,154,992	5,500,347	-	-	(147,376)	-	-	-	5,500,347
Security Aid	17-495-034-S120-048	7/1/16-6/30/17	1,581,346	1,434,070	1,581,346	-	-	(7,256)	-	-	-	1,581,346
PARCC Readiness Aid	18-495-034-S120-098	7/1/16-6/30/17	80,870	72,534	80,870	-	-	(7,336)	-	-	-	80,870
PARCC Readiness Aid	17-495-034-S120-098	7/1/16-6/30/17	80,870	72,534	80,870	-	-	(7,336)	-	-	-	80,870
Per Pupil Growth Aid	18-495-034-S120-097	7/1/16-6/30/17	80,870	72,534	80,870	-	-	(7,336)	-	-	-	80,870
Per Pupil Growth Aid	17-495-034-S120-097	7/1/16-6/30/17	80,870	72,534	80,870	-	-	(7,336)	-	-	-	80,870
Professional Learning Community Aid	18-495-034-S120-101	7/1/16-6/30/17	71,570	70,612	71,570	-	-	(958)	-	-	-	71,570
Professional Learning Community Aid	17-495-034-S120-101	7/1/16-6/30/17	71,570	70,612	71,570	-	-	(958)	-	-	-	71,570
Total State Aid Public Charter			12,596,685	12,571,292	12,571,292	-	-	(1,171,577)	-	-	-	12,571,292
Lead Teacher for School Aid	18-195-034-S120-104	7/1/17-6/30/18	64,730	21,048	21,048	-	-	-	-	-	-	21,048
Transportation Aid	18-495-034-S120-014	7/1/17-6/30/18	917,038	831,597	917,038	-	-	(85,461)	-	-	-	917,038
Transportation Aid	17-495-034-S120-014	7/1/16-6/30/17	917,038	85,947	917,038	-	-	-	-	-	-	917,038
Additional Nonpublic Transportation Aid	18-495-034-S120-014	7/1/17-6/30/18	298,885	298,885	298,885	-	-	(298,885)	-	-	\$ (298,885)	298,885
Additional Nonpublic Transportation Aid	17-495-034-S120-014	7/1/16-6/30/17	194,411	194,411	194,411	-	-	-	-	-	-	194,411
Total Transportation Aid Cluster			1,349,927	1,111,925	1,349,927	-	-	(884,340)	-	-	(298,885)	1,349,927
Extracurricular Aid	18-100-034-S120-043	7/1/17-6/30/18	1,349,927	1,624,255	1,349,927	-	-	(1,349,927)	-	-	-	1,349,927
Extracurricular Aid	17-100-034-S120-043	7/1/16-6/30/17	1,624,255	1,624,255	1,624,255	-	-	-	-	-	-	1,624,255
On-behalf/TPAF Pension System Center- Vocational Credit & Assisted Living Non-Combustion Inc.	18-495-034-S094-002	7/1/17-6/30/18	7,856,667	7,856,667	7,856,667	-	-	-	-	-	-	7,856,667
On-behalf/TPAF Pension System Center- Non-Combustion Inc.	18-495-034-S094-004	7/1/17-6/30/18	190,662	190,662	190,662	-	-	-	-	-	-	190,662
On-behalf/TPAF Pension System Center- Long Term Disability Ins.	18-495-034-S094-001	7/1/17-6/30/18	15,707	15,707	15,707	-	-	-	-	-	-	15,707
On-behalf/TPAF Pension System Center- Post-Retirement Medical Contributions	18-495-034-S094-001	7/1/17-6/30/18	5,197,299	5,197,299	5,197,299	-	-	-	-	-	-	5,197,299
Total On-behalf/TPAF Contribution Cluster			13,200,633	13,200,633	13,200,633	-	-	-	-	-	-	13,200,633
Reimbursed TPAS Social Security	18-100-034-S084-003	7/1/17-6/30/18	4,045,992	4,045,992	4,045,992	-	-	(388,498)	-	-	(388,498)	4,045,992
Reimbursed TPAS Social Security	17-100-034-S084-003	7/1/16-6/30/17	3,982,411	3,982,411	3,982,411	-	-	-	-	-	-	3,982,411
Total General Fund			32,457,687	32,457,687	32,457,687	-	-	(3,204,348)	-	-	(687,283)	31,465,340
Special Revenue Fund:												
Preschool Education Aid	18-495-034-S120-086	7/1/17-6/30/18	1,502,615	2,276,665	2,209,361	\$ 480,105	-	(975,990)	\$ 782,239	-	-	2,209,361
Preschool Education Aid	17-495-034-S120-086	7/1/16-6/30/17	1,720,995	172,099	1,720,995	-	-	-	296,095	-	-	1,720,995
New Jersey Nonpublic Aid	18-100-034-S120-064	7/1/17-6/30/18	75,759	75,759	71,414	-	-	-	-	4,345	-	71,414
Textbook Aid (CA, 194)	17-100-034-S120-064	7/1/16-6/30/17	81,790	51,171	50,606	-	-	-	-	565	-	50,606
Technology	17-100-034-S120-373	7/1/16-6/30/17	36,894	108,379	81,048	-	-	-	-	27,227	-	81,048
Security	18-100-034-S120-509	7/1/16-6/30/17	70,575	404	404	-	-	-	-	-	-	70,575
Auxiliary Services (Char. 192)	18-100-034-S120-057	7/1/17-6/30/18	54,036	54,036	26,498	-	-	-	-	28,347	-	26,498
Commuter Transportation Aid	18-100-034-S120-057	7/1/17-6/30/18	10,176	10,176	10,176	-	-	-	-	-	-	10,176
Total Nonpublic Auxiliary Services Aid (Char. 192) Cluster			64,412	64,412	35,865	-	-	-	-	28,347	-	35,865
Handicapped Services (Ch. 193)												
Supplemental Instruction	17-100-034-S120-066	7/1/16-6/30/17	21,727	21,727	21,727	-	-	-	-	-	-	21,727
Supplemental Instruction	18-100-034-S120-066	7/1/16-6/30/17	25,110	51,590	48,138	-	-	-	-	2,732	-	48,138
Examination & Certification	17-100-034-S120-066	7/1/16-6/30/17	51,870	4,510	4,510	-	-	-	-	-	-	4,510
Examination & Certification	18-100-034-S120-066	7/1/16-6/30/17	70,593	23,481	23,481	-	-	-	-	-	-	23,481
Corrective Speech	17-100-034-S120-066	7/1/16-6/30/17	23,855	884	884	-	-	-	-	-	-	23,855
Corrective Speech	18-100-034-S120-066	7/1/16-6/30/17	23,855	97,078	94,346	-	-	-	-	2,732	-	94,346
Total Nonpublic Handicapped Services Aid (Char. 193) Cluster			7,748	140,165	140,165	-	-	-	-	2,732	-	140,165
Nursing Services	18-100-034-S120-070	7/1/16-6/30/18	140,165	140,165	140,165	-	-	-	-	-	-	140,165
Nursing Services	17-100-034-S120-070	7/1/16-6/30/17	132,570	2,129	2,129	-	-	-	-	-	-	2,129
Home Instruction	18-100-034-S120-067	7/1/16-6/30/18	2,129	2,129	2,129	-	-	-	-	-	-	2,129
Home Instruction	17-100-034-S120-067	7/1/16-6/30/17	2,129	2,129	2,129	-	-	-	-	-	-	2,129
Total Special Revenue Fund			288,130	2,037,651	2,068,835	338,697	(1)	(13,855)	(277,980)	1,078,454	(2,030)	2,684,835
(1) Adjustment represents Local Contribution from General Fund												

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2018			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures	
State Department of Education														
Capital Projects Fund														
School Development Authority	1610-055-14-1006-G04		\$ 470,290	\$ (195,497)	\$ 47,030	\$ 14,238		\$ (423,261)	\$ 260,556		\$ (423,261)	\$ 209,734		
School Development Authority	1610-070-14-1007-G04		250,000	(67,695)		88,157		(250,000)	94,148		(250,000)	155,852		
School Development Authority	1610-070-14-1008-G04		25,001	(1,537)		5,706		(25,001)	17,758		(25,001)	7,243		
School Development Authority	1610-160-14-1025-G04		205,000	(17,930)		88,946		(205,000)	98,124		(205,000)	106,876		
School Development Authority	1610-080-14-1010-G04		37,848		37,848							37,848		
School Development Authority	1610-100-14-1011-G04		530,761	(154,848)	53,075	16,084		(477,685)	359,828		(477,685)	170,933		
School Development Authority	1610-115-14-1016-G04		287,259	(39,876)		756		(287,259)	246,627		(287,259)	40,632		
School Development Authority	1610-140-14-1017-G04		288,483	(288,483)	72,437		\$ 107,389	(108,657)			(108,657)	288,483		
School Development Authority	1610-150-14-1021-G04		218,708	(43,741)		47,025		(43,741)			(43,741)	218,708		
School Development Authority	1610-150-14-1022-G04		451,804	(404,779)				(451,804)			(451,804)	451,804		
School Development Authority	1610-150-14-1029-G04		182,789	(36,558)				(36,558)			(36,558)	182,789		
School Development Authority	1610-100-14-1013-G04		320,320	(320,320)	320,320							320,320		
Total School Development Authority Cluster/ Capital Projects Fund				(1,609,112)	530,710	260,912	107,389	(2)	(2,308,966)	1,077,041		(2,308,966)	3,503,996	
Debt Service Fund														
Debt Service Aid	18-495-064-5120-075	7/1/17-6/30/18	944,848	-	944,848	944,848	-	-	-	-	-	-	944,848	
Total Debt Service Aid				-	944,848	944,848	-	-	-	-	-	-	-	944,848
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program	18-100-034-5120-122	7/1/17-6/30/18	38,180	-	34,566	38,180	-	-	(3,614)	-	(3,614)	38,180		
National School Lunch Program	17-100-034-5120-122	7/1/16-6/30/17	41,322	(5,664)	5,664	-	-	-	-	-	-	-		
Total Department of Agriculture/Enterprise Fund				(5,664)	40,230	38,180	-	-	(3,614)	-	-	(3,614)	38,180	
Total State Financial Assistance Subject to Single Audit Determination				\$ (4,615,341)	\$ 36,911,128	\$ 36,394,115	\$ 446,086	\$ 13,855	\$ (5,884,908)	\$ 2,155,495	\$ 63,316	\$ (3,001,993)	\$ 39,637,199	
State Financial Assistance Not Subject to Single Audit Major Program Determination														
General Fund														
On-Behalf TPAF Pension System Contribution					(8,063,036)	(8,063,036)							(8,063,036)	
On-Behalf TPAF Post-Retirement Med. Contrib.					(5,197,599)	(5,197,599)							(5,197,599)	
Total State Financial Assistance Subject to Single Audit Major Programs Determination				\$ (4,615,341)	\$ 23,650,493	\$ 23,133,480	\$ 446,086	\$ 13,855	\$ (5,884,908)	\$ 2,155,495	\$ 63,316	\$ (3,001,993)	\$ 26,376,564	

(2) Adjustment represents grant balance cancelled

11
00

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with 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 an increase of \$289,504 for the general 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	\$ 183,962	\$ 32,754,844	\$ 32,938,806
Special Revenue Fund	3,310,271	2,346,138	5,656,409
Capital Projects Fund		153,523	153,523
Debt Service Fund		944,848	944,848
Food Service Fund	2,483,777	38,180	2,521,957
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 5,978,010</u>	<u>\$ 36,237,533</u>	<u>\$ 42,215,543</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$4,045,992 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$8,047,329, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$5,197,599 and TPAF Long-Term Disability Insurance in the amount of \$15,707 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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 payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a))? X yes none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>84.367A</u>	<u>S367A170029</u>	<u>Title IIA</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>171NJ304N1099</u>	<u>School Breakfast Program</u>

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

Auditee qualified as low-risk auditee? X yes no

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-086</u>	<u>Preschool Education Aid</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
<u>495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>Various</u>	<u>School Development Authority</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-001

Our audit revealed that certain capital contracts were not encumbered when awarded and furthermore, not encumbered by year-end.

Criteria or specific requirement:

The State Department of Education's GAAP Technical Systems Manual pursuant to N.J.S.A. 18A:4-14 and NJAC 6:20-2A.

Condition:

Certain contracts were not encumbered in internal accounting records by year-end.

Questioned Costs:

Unknown.

Context:

\$776,000 of capital contracts awarded were not recorded in the District's internal accounting records. This amount was recorded by audit adjustment.

Effect:

Expenditures may not reflect amounts incurred for the year.

Recommendation:

Contracts be properly encumbered in internal accounting records when the contract is awarded.

Management's Response:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

CURRENT YEAR FEDERAL AWARDS

Finding 2018-002

Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities, at June 30, 2018 exceeded three months average expenditures.

Federal Program Information

National School Lunch program	10.555
School Breakfast program	10.553

Criteria or Specific Requirement

Federal Assistance Regulations 7CFR 210.9 (Requirements for School Food Authority Participation) stipulates that participating schools limit their net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service.

Federal Grant Compliance Supplement

Condition

According to the USDA resource management comprehensive review form used to calculate net cash resources, the District's net cash resources were \$1,616,355 at June 30, 2018; however, three months average operating expenditures were \$948,882.

Questioned Costs

None.

Context

See finding condition and questioned costs.

Effect

Net cash resources exceeded three months average expenditures by \$667,473.

Cause

Unknown.

Recommendation

Appropriate action be taken to ensure net cash resources do not exceed three months average expenditures.

View of Responsible Officials and Planned Corrective Action

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

CURRENT YEAR STATE AWARDS

There are none.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001

Our audit of outstanding purchase orders in the Capital Projects Fund revealed certain purchase orders classified as encumbrances were deemed invalid or were determined to be accounts payable.

Current Status

Corrective action has been taken.

Finding 2017-002

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted the year to date interest earnings of \$496,968 in the Capital Projects Fund were not transferred to the General Fund in accordance with Board resolution. In addition, adjustments were necessary to record a certain deposit in transit of \$284,150 due from the Food Service Fund as well as reversing a duplicate transfer of \$1,164,340 from Capital Reserve.

Current Status

Corrective action has been taken.

Finding 2017-003

Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities, at June 30, 2017 exceeded three months average expenditures.

Current Status

See Finding 2018-002.